Austria	Sch22	Indonesia	Rp3100	Portugal	Esc120
Bahrain	Din0.650	Israel	IS3.50	S.Arabia	Rls7.00
Belgium	BFr48	Italy	L1700	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta145
Cyprus	C£0.90	Jordan	Fils.500	Sri Lanka	Rup30
Denmark	DKr10.00	Kuwait	Fils.500	Sweden	SKr9.00
Egypt	E£2.25	Lebanon	$L125.00	Switz.	SFr2.30
Finland	Fmk7.00	Lux	LFr48	Taiwan	NT$85
France	FFr6.50	Malaysia	Rin4.25	Thailand	Bht50
Germany	DM2.30	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr120	Morocco	Dh6.00	Turkey	L600
Hong Kong	HK$12	Neth	Fl3.00	UAE	Dh6.50
India	Rup15	Norway	Nkr10.00	USA	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,583 Thursday July 7 1988 D 8523 A

Revitalised British Steel tempered for privatisation, Page 14

World News

Mexico poll marked by accusations of fraud

Mexicans went to the polls to elect a new president, congress and senate.

Mr Carlos Salinas de Gortari, candidate of the ruling Institutional Revolutionary Party (PRI), was expected to win the presidential contest easily after a campaign overshadowed by opposition charges that the PRI planned to rig the ballot and the weekend murder of two senior aides to opposition leader Mr Cuauhtemoc Cárdenas. Page 5

Yugoslav strikers march

Demonstrators briefly occupied Yugoslavia's Federal Parliament building during a protest against economic austerity measures introduced in May. Page 2

China/Brazil space deal

An agreement on joint development of two satellites was one of eight accords signed by China and Brazil during President Jose Sarnay's visit to Peking. Page 4

Estonian flag flies again

Soviet authorities have recognised the national flag of Estonia for the first time since its incorporation in the USSR in 1940.

Palestinian camp battle

Syrian-backed Palestinian fighters under Abu Musa launched their second attack this week on the Bourj al-Barajneh refugee camp, the last stronghold of Yasser Arafat loyalists in Beirut.

Portuguese envoy

Rui Medina was named Portugal's first ambassador to Israel. He will combine the job with his existing duties as ambassador to Rome. Israeli setback, Page 2

Ethiopia kidnap fears

Families of Italian workers on a $200m resettlement programme in Gojjam, western Ethiopia, are being evacuated after Eritrean rebels kidnapped a fifth technician last week.

Kabul bomb kills 7

Seven people were killed and 26 injured as a 700kg car bomb exploded in the Afghani capital. UN mediator criticised, Page 3

Hijackers sentenced

Five Palestinians found guilty of hijacking a Pan Am Boeing 747 at Karachi Airport in September 1986 were sentenced to death by a Pakistani court.

More air delays likely

Karl-Heinz Neumeister, secretary-general of the Association of European Airlines, warned that air traffic congestion over Western Europe would continue to worsen.

Colombian cocaine haul

The Colombian authorities confiscated 11,600kg of cocaine and destroyed 635 drug processing laboratories in the first four months of 1988. Caribbean protest, Page 5

Conventional arms talks

Manfred Wörner, Nato's new secretary-general, said he hoped the 16 members of the alliance would soon be ready to start talks on conventional weapons with the Soviet bloc.

Marcos 'can return'

President Corazon Aquino said she would not prevent ex-President Ferdinand Marcos returning to the Philippines to face corruption charges.

Plane crash in Karachi

At least 12 people were killed when a Pakistani Mirage 2000 jet fighter, on a routine training flight, crashed into a factory in Karachi.

Rabbit population boom

Increasing resistance to the myxomatosis virus introduced in 1950 means Australia's rabbit population has passed 200m and is still climbing fast.

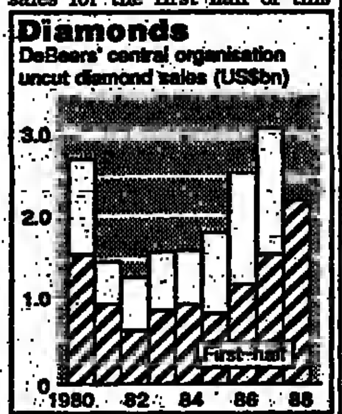
Business Summary

UK to lift ban on Japanese gilts dealers

BRITAIN is about to lift its ban on Japanese securities firms acting as dealers in the gilt-edged market. Page 16

JAMES GULLIVER launched his long-expected takeover bid for the UK's Harris Queensway, valuing the carpet and furniture group at £446.8m ($768m). Page 17

DIAMONDS: De Beers, South African mining company, announced record uncut diamond sales for the first half of this year. Sales by its London-based Central Sales Organisation, which controls 80 per cent of the rough diamond market, reached $2.201bn. Commodities, Page 28



LONDON: International blue chips were encouraged by Wall Street's strength, although the firmness of the pound restricted gains. The FT-SE 100 index closed at the day's high, up 15.2 at 1,870. Page 36

TOKYO: Stabilisation of the yen-dollar exchange rate and the overnight advance on Wall Street spurred heavy demand for large-capitalisation and high-technology stocks. Nikkei average jumped 189.48 to 27,766.60 in trading of 2.82bn shares. Page 40

WALL STREET: At 2 pm, the Dow Jones Industrial Average was down 1.25 at 2,157.36. Page 40

STERLING closed in London at $1.7125 ($1.7065), DM3.1215 (DM3.1125), Y229.75 (Y229.00), SFr2.5925 (SFr2.5875), FFr10.4975 (FFr10.4875). Page 29

DOLLAR closed in London at DM1.8220 (DM1.8235), Y133.60 (Y134.20), SFr1.5125 (SFr1.5165), FFr6.1300 (FFr6.1425). Page 29

SANTA FE Southern Pacific, railroad and natural resources group, plans to enter the gold mining business by spending $75m to develop a new mine in Nevada. Page 17

MGM/UA Communications, Hollywood studio which is being offered for sale by restless majority owner Kirk Kerkorian recorded a sharp improvement in results for the third quarter as it gears up to full production of feature films. Page 17

ROSS PEROT: Competitors of Ross Perot, Texas corporate maverick, are trying to block a potentially hugely profitable contract he won without a bidding contest to bring cost savings and entrepreneurial efficiency to the US Postal Service. Page 17

KO MORITA, president of Nihon Keizai Shimbun, Japan's leading business newspaper, has resigned over a share scandal according to a company official. Page 17

CARICOM, Caribbean Economic Community, has failed to agree dismantling all barriers to trade among its members by the end of the year, and accepted a compromise to protect some industries until 1991. Page 4

CHINA has unveiled a package of incentives to increase investment links with Taiwan and has promised that profits on the mainland will equal those anywhere in Asia. Page 4

DEUTSCHE BANK, West Germany's biggest bank, is negotiating to buy 39 branches from Bank of America in region of Argentina. Page 19

SHISEIDO, leading Japanese cosmetics group, saw pre-tax profits tumble 32 per cent to Y11.7bn ($87.2m) in the six months to May 31. Page 18

Iran takes to moral high ground in debate over Airbus tragedy

BY ANDREW GOWERS IN TEHRAN

IRAN is concentrating its energies into an international campaign to cause the US maximum diplomatic embarrassment over the Airbus tragedy.

Ironically, it is modelled on the US campaign against Moscow after the Soviet shooting down of a South Korean airliner in 1983. The aim is to boost Iran's prestige. According to diplomats in Tehran, any hasty act of retribution could only flatten the high moral ground on which the Iranians believe the Airbus incident has planted them.

The authorities do not rule out completely the threat of "freelance" retaliation by pro-Iranian groups in Lebanon or elsewhere. But the Tehran leadership appears once again to be demonstrating its ability to distinguish between rhetorical hark and practical bite.

Beneath the accusations of mass murder and the promises of revenge which have been flowing from the Iranian capital in recent days, Western diplomats in Tehran detect an important undercurrent of pragmatism and restraint which leads many of them to conclude that threats of retaliation will remain unfulfilled.

This certainly seemed to be the gist of the most interesting Iranian comment on the disaster so far, uttered by Hojatoleslam Ali Akbar Hashemi Rafsanjani, the acting commander-in-chief, on Tuesday.

While clinging to the claim that the US action was premeditated, he said merely that the incident should be "studied and discussed" with a view to confirming US guilt.

He said "We'll respond when we see fit," which is roughly what he said when US and Iranian forces clashed in the Gulf last year and probably means Iran will do nothing.

The same motive lies behind Iran's call for a meeting of the United Nations Security Council to condemn the US attack. This is remarkable given that Iran has boycotted the Security Council for the past 6½ years because of its perceived bias towards Iraq in the Gulf war.

Diplomats point out that Iran has good reason for caution, quite apart from wanting to squeeze the last drop of sympathy from the international community.

It has in the past shown itself to be well aware of the US navy's vastly superior firepower in the Gulf and has on all but a couple of occasions shied away from direct confrontation.

Iran's leaders are shrewd enough to know that Washington's current embarrassment would not inhibit it from responding to any Iranian counter-strike.

Soviet troops clash with Armenian rioters

BY OUR FOREIGN STAFF

SOVIET troops clashed with protesters in Yerevan, capital of Soviet Armenia, in the latest flare-up of ethnic violence in Transcaucasia.

Armenian activists claimed yesterday that Soviet troops carrying machine guns and backed by tanks opened fire on Tuesday on hundreds of stone and bottle throwing protesters trying to shut down Yerevan airport. They claimed that up to five people were killed and at least 36 hurt in the clashes.

One eyewitness, Mr Karyun G. Nagapetyan, an artist, was quoted by western news agencies last night as telling an evening rally outside Moscow's red-brick Armenian church: "All of a sudden, they started shooting. They were carrying clubs, like policemen in the West, and they beat people right and left."

An Armenian foreign ministry official, confirming that troops had been used to clear the airport, said he had heard reports that one person had been killed in the violence, but this was denied in Moscow. A Soviet official denied there had been any clashes or deaths. "The rumors that an Armenians were killed are groundless," Mr Vadim Perfilyev, a Soviet Foreign Ministry spokesman, told a news conference.

But Mr Perfilyev and Armenian officials agreed that some 2,000 people had tried to shut down Yeravan's Zvarnots Airport following a large rally in the city's main square. The airport protest formed part of widespread demonstrations over the disputed Nagorno-Karabakh enclave of neighbouring Azerbaijan.

Mr Perfilyev, in remarks quoted by the official Tass news agency, said more than 400 people swarmed into the airport's terminal following the rally, while another 1,500 gathered outside.

He said the demonstrators impeded the sale of tickets and the collection of luggage, ventured on to the landing strip, prevented passengers from entering the terminal and paralysed the work of the airport dispatcher.

For an hour, internal security troops using loud-hailers ordered the protesters to leave, then intervened to evict them. "They were forced out, but there were no clashes or fights," the Soviet official said.

Protesters then began hurling rocks and bottles, Mr Perfilyev said. As a result, he said, "36 people had to seek medical assistance."

His comments echoed reports of the airport clash in both Izvestia, the government daily, and Pravda, the Communist Party newspaper.

Izvestia reported that the demonstrators demanded that the airport staff shut down operations. "An intervention by the forces of order became necessary," the paper said. "Unfortunately, in the clashes that ensued, some violators of law and order suffered, as well as several policemen." It gave no further details.

It was the first outbreak of violence in the Armenian capital since unrest flared nearly five months ago over control of the predominantly christian Armenian-populated Nagorno-Karabakh area of moslem Azerbaijan.

Yerevan has been the scene of massive demonstrations since February although until now the protests have reportedly been peaceful. In contrast, rioting erupted in the Azerbaijani city of Sumgait in February resulting in at least 32 deaths.

Yerevan's factories and public transport have been paralysed by the general strike called two days ago in the wake of the Communist special party conference in Moscow last week.

Izvestia said yesterday that the city's public transport system was still shut down and that the situation was worse than the previous day

Dr Mahathir Mohamad: sharp escalation

Malaysian Premier suspends 5 judges

By Wong Sulong in Kuala Lumpur

FIVE JUDGES of the Malaysian Supreme Court, the highest court of appeal, were suspended yesterday for alleged "gross misconduct" in a sharp escalation in the confrontation between Dr Mahathir Mohamad, Prime Minister, and the country's fiercely independent judiciary.

The action against them was taken because last Saturday they ordered a tribunal investigating charges of misconduct against Tun Salleh Abas, the country's top judge, not to submit its recommendations to the King. The move means there are now only four out of 10 Supreme Court judges sitting. Dr Mahathir was angered by the intervention and saw it as a judicial conspiracy.

The suspension has shocked Malaysians. Stock prices fell across the board on the Kuala Lumpur stock exchange at a time when the country is recovering from an economic recession and making a strong bid for private investments.

Mr Lee Lam Thye, acting chief of the Democratic Action Party, the largest opposition party, con-

Continued on Page 16

BSN moves into British market with £199m deal

BY GEORGE GRAHAM IN PARIS

BSN, the leading French foods group and the world's largest producer of fresh dairy products, has agreed to buy HP Foods and Lea and Perrins from UK-based Hanson Trust for a total of £199m ($339m).

The acquisition is BSN's first major venture into the UK, the only European country where it did not have a strong presence.

Besides three strong brands – HP, Daddies and Lea and Perrins – BSN hopes to gain access for its existing products through HP's distribution network.

"Everywhere else in Europe, except for Great Britain, we compete on an equal footing with our rivals. It was a gap which had to be filled," said Mr Antoine Riboud, chairman of BSN.

The French group, which is already leader in the French sauce market with its Amora ketchup and Maille mustard brands, has until now concentrated its expansion efforts on southern Europe, with a series of acquisitions in the Spanish and Italian biscuit, pasta and mineral water markets.

The acquisition of HP and Lea and Perrins will not only implant it in the UK but also strengthen its position in the US and give it access to other English-speaking markets such as Australia.

HP Sauce is the leader in the UK brown sauce market, while Lea and Perrins dominates the

Continued on Page 16

Gourmets find sauce hard to palate and pronounce

BY GEORGE GRAHAM IN PARIS

ASK A French gastronome what he thinks about HP Sauce and he will politely change the subject.

Even Mr Antoine Riboud, whose BSN group is the proud new owner of HP, cannot bring himself to say he actually likes the stuff. Luckily, his purchase yesterday from Hanson includes Lea and Perrins, makers of the celebrated Worcestershire sauce, which he does like.

Mostly used in tomato juice and Bloody Mary cocktails, Worcestershire sauce has nevertheless made headway in Parisian kitchens, despite a name which is virtually unpronounceable in French.

"We use Worcestershire sauce a lot, especially in cocktail sauces, dressings for lobster and things like that. It is a very good product," comments Mr Manuel Martinez, chef at the luxurious Tour d'Argent restaurant on the left bank of the river Seine.

But the real brown sauce, a spiced vinegary concoction usually added at the table, does have its devotees. Fauchon, the smart grocery in Paris's Place de la Madeleine, stocks HP – although the more expensive Cumberland sauce is a bigger seller.

"To the French, anything from outside France itself is exotic. HP sauce is in a way the couscous of the north," comments Mr Martin Forde, who heads the Food From Britain office in Paris.

Mr L'honneur, chef at Le Grand Vefour restaurant established in the Palais Royal since the 18th century, agrees: "When I travel abroad, I try these things. Brown sauce – in all sincerity, I have to say I find it moderate. It does rather distort the flavour."

For BSN, which hopes to sell its existing products through the HP distribution network in the UK, the traffic is likely to be one-way.

"I don't think Daddies is likely to make much headway against French eating habits," concludes Mr Riboud.

Texas Air agrees peace moves with Eastern unions

BY RODERICK ORAM IN NEW YORK

TEXAS AIR, the biggest US airline group, and unions at its Eastern Airline's subsidiary have agreed on a series of actions aimed at defusing one of the most poisonous labour-management disputes seen in the US in the past decade.

The pact, initiated by Mr Jim Burnley, the US Transportation Secretary, because of concern about the airline's future, establishes a new framework for management and union co-operation on safety.

The unions have been using safety issues as their main tactic for fighting management's efforts to sharply cut wage costs and change working practices, since Texas Air, headed by Mr Frank Lorenzo, took over Eastern in 1986.

The agreement is further evidence of an abrupt change to more conciliatory tactics by Mr Lorenzo, who had earlier won an anti-labour reputation by breaking the unions at Continental Airlines, the carrier Texas Air acquired in 1983. His actions set new low-cost standards for the whole US airline industry

Throughont the past year it looked as though he would either sell to Texas Air Eastern's most profitable assets, such as its Boston-New York-Washington shuttle or put the carrier under the protection of the bankruptcy courts if the unions refused to meet his demands.

Pilots retaliated by "flying by the book", refusing, for example, to take off in aircraft which had even the smallest defects. In May, Texas Air sued Eastern's pilots and machinists' union for $1.5bn for allegedly trying to destroy the airline hy spreading false rumours about his safety record.

The turmoil triggered an unprecedented government inquiry into the safety, financial and managerial competence of Texas Air, Eastern and Continental. Although the study cleared the companies a month ago, it warned that Eastern's deep divisions posed a grave threat.

"In a company so divided, the risk is increased that the labour-management discord will, at some time, either through inattention or design, have an adverse impact on public safety".

Consequently, Mr Burnley appointed Mr William Brock, a former Labour Secretary, as a special mediator between unions and management. Mr Brock said yesterday that the trouble started well before Eastern was taken over hut had accelerated rapidly under Texas Air.

World Bank warns of threat to developing nations' economies

BY PETER MONTAGNON, WORLD TRADE EDITOR, IN LONDON

THE FAILURE of industrial countries to come to grips with their fiscal and trade imbalances has left the world economy facing serious risks which could provoke a recession and hamper the recovery of developing nations, the World Bank warns today in its annual World Development Report.

"The risk of a severe setback for the world economy is real," the Bank warns.

Unless governments take further action to reduce fiscal and trade imbalances, opportunities for sustaining and increasing world economic growth, which is essential to improving the growth prospects of the developing economies, will be lost, the report says. Without changed policies, the situation for developing countries, particularly those with acute debt problems, remains worrying.

"These countries face the risk of prolonged stagnation in real per capita income, greater poverty and social unrest," the report says.

Under broadly unchanged policies average growth rates in the industrial world would fall to 2.3 per cent between now and 1995 compared with 2.5 per cent since the start of this decade. Growth in developing countries would rise slightly to 4.2 per cent from 3.9 per cent.

Concerted adjustment policies would produce growth rates in the industrial world of 3 per cent up to 1995, with 5.6 per cent in developing countries, which would allow living standards to recover from their depressed levels earlier in this decade.

Even under this more optimistic scenario, living standards in auh-Saharan Africa would recover only marginally, the Bank warns, adding that developing countries should pursue their own adjustment efforts regardless of what happens in the broader world economy.

Reform of public finance is a key ingredient to such adjustment, the bank says, adding that the growth of public sector deficits in developing countries was a root cause of the debt crisis under which many have been labouring since 1992.

Details, Page 4

CONTENTS

ED MEESE, LAST OF THE REAGAN OLD GUARD, BOWS OUT

After 13 months of being under criminal investigation, the US Attorney General is to step aside, Page 5

Bonn coalition dispute over defence spending

BY DAVID MARSH IN BONN

FRESH differences over defence spending surfaced in the Bonn coalition Government yesterday ahead of today's formal presentation of the 1989 budget, which is expected to show a far larger than expected increase of 4.6 per cent in federal spending to DM288.2bn ($152.6bn) next year.

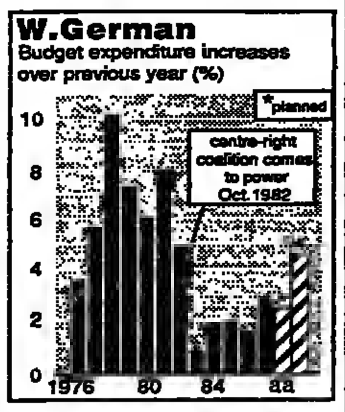
A cut in the budget deficit is proposed to DM32bn from the expected DM39bn outturn for 1988. But this will be a result of unpopular increases in taxes on petrol and cigarettes and a new tax on household and industrial gas supplies. These levies will partly offset the income tax reductions being stored up by the Government for 1990.

Leading deputies from the liberal Free Democratic Party, junior partners with the conservatives in the centre-right Government, have registered a protest against a planned increase in next year's defence spending to DM53.3bn, saying that extra savings of DM1bn could be realised through cutting procurement expenditures and manpower.

Mr Gerhard Stoltenberg, the Finance Minister, whose political position has weakened markedly in recent months, meanwhile faces criticism that his 1989 budget has deviated badly from the path of fiscal orthodoxy set down when the Christian Democrat-led coalition came to power in 1982.

Next year's spending increase is nearly double the originally planned 2.5 per cent. This is because of the last minute addition to the 1989 budget of an extra DM2.5bn in regional aid for federal states hit by extra social security spending, as well as an additional DM3.3bn in funding for unemployment benefit.

The regional aid was added to appease federal states which had otherwise threatened to vote against the 1990 tax bill when it goes before the Bundesrat (upper house) on Friday. Passage now seems assured.



The extra unemployment spending was inserted to eliminate the need for a large 1989 increase in benefit contributions born by employers and employees. The FDP in particular had complained that such a levy would damage economic prospects for 1989.

The budget shows clearly the impact of the sluggish West German economy in inflating both subsidies and social security expenditures. Mr Stoltenberg promised at the beginning of the year to cut the 1989 budget deficit by around DM10bn through a mixture of consumer tax increases, general spending controls and cuts in subsidies.

In fact, subsidies look likely to rise strongly next year. The Economics Ministry budget is expected to show the biggest 1989 increase – nearly 20 per cent – to DM7.5bn. This is above all a result of a DM500m increase in payments to the steel industry under a coal subsidisation scheme as well as a near doubling in spending on the Airbus airliner programme to a total DM1.7bn from DM940m.

The Airbus figure includes DM324m in government payments to take over debt burdens of Deutsche Airbus.

Austria's jobs carve-up keeps bank post vacant

THE AUSTRIAN Government is expected to announce the new president of the national bank soon, ending a bizarre tale of in-fighting, compromises and trade-offs over the past six months.

BY JUDY DEMPSEY IN VIENNA

The bank has been without a president largely because the Socialist Party, or "reds" and the conservative People's Party, or "blacks," each wanted their own man in the post.

The job fell vacant last January, following the death of Mr Stefan Koren, a highly respected (black) banker who stood up to the Government and spoke his mind, regardless of politics. His death left a glaring gap in an institution which represents one of the last bastions of the so-called *proporz* system.

This system was an arrangement patched up between the reds and the blacks after the Second World War when Austria was occupied by the French, British, Americans and the Russians.

The idea was to prevent any open conflict between the two main political parties, scarred by the wounds of the civil war of 1934, by agreeing behind closed doors and through a tortuous consensus policy, key appointments in state-run industry, banks, insurance companies and even schools and universities.

The system, however, went beyond making appointments to influential posts. For every black promoted to director, a red would have to fill the deputy director's post and vice versa. This filtered down to the supervisory boards, the equivalent of boards of directors, where blacks and reds would be equally distributed, even down to the shop-floor management.

The system worked smoothly for the first 30 or so years. But, inevitably, it evolved into a tightly organised patronage system.

People seeking promotion found it necessary to join either of the two main political parties if they wanted promotion – indeed, even if they wanted a job in banks, schools, insurance companies and the state-run industries, which are still highly influenced by the political parties.

This system had been perfected to a fine art in the national bank. Although the most senior posts are held by the reds, the structure and recruitment system still relies heavily on the *proporz* system, which is why the president of the national bank is so important for the Government of the day.

After Mr Koren's death, two candidates were mentioned as possible successors. Mr Franz Vranitzky, the Socialist Chancellor, favoured Mr Helmut Haschek, the present director of the Kontrollbank. The blacks, and especially Mr Alois Mock, the Foreign Minister, Vice Chancellor and head of the People's Party, strongly backed Mr Josef Taus, successful chairman of the Constantia company as well as the company's own private bank.

Mr Taus, once general secretary of the People's Party, repeatedly said in public that he did not want the job. More importantly, Mr Vranitzky was not very keen to have Mr Taus, not only because he is so black, but because Mr Taus has a reputation for speaking his mind.

Mr Mock, on the other hand, did not particularly support Mr Haschek, not only because he was known to be sympathetic to the Socialist Party but because he would be due to retire in five years and quite possibly the vacancy could fall to another red – even, some say, to the Chancellor, a former banker.

The arguments and speculation dragged on for months, while the bank remained without a president and unseemly disagreements highlighted the weakness of Austrian consensus politics, a compromise candidate looks likely to be appointed.

His name is Mr Hellmuth Klauhs, director of the Genossenschaftlichen Zentralbank, which is black. According to bankers, Mr Klauhs is not as tough or as outspoken as Mr Taus, is ready to make compromises and will not make life too difficult for Mr Vranitzky.

If and when Mr Klauhs is appointed, several bankers now say it is high time to reform, if not get rid of the *proporz* system. Some of the younger generation agree. They are tired of being passed over if they hold no political party membership.

True, the system is slowly changing and is not as rigid in some of the smaller banks. But some bankers still believe that now is the time to tear down one of the old bastions of the *proporz* system if austria is to put talent before politics.

Low flying restrictions proposed

By David Marsh in Bonn

GROWING discontent in West Germany about low-flying practice by Nato aircraft has come to a head with a call yesterday by the Rhineland Palatinate state parliament for all flying below 300 metres to be stopped.

The unanimous vote by deputies from both right and left was the first parliamentary move of this kind in West Germany. Rhineland Palatinate, which is host to the large Nato air base at Ramstein as well as several other important military installations, is one of the areas in the country most affected by aircraft noise.

The issue has raised increasing controversy this year after a string of military aircraft accidents. A total of 13 aircraft operated by foreign and West German air forces have crashed over federal territory in the past three months, the latest a West German Phantom which was lost in the north of the country on Tuesday.

Yesterday's move in Mainz, supported by deputies from the state's dominant Christian Democrat party as well as by the other three parliamentary parties, called for a general ban on practice flights over inhabited areas as well as an overall limit of 300 metres.

The US Air Force has lost five F16 jets and a helicopter, the West German and British forces have had three crashes each and the French one. The most serious recent mishaps were the ploughing into a moutainside in southern Germany on Sunday of a West German military helicopter, killing nine people, and a mid-air collision of US F16s last week near the Rhineland Palatinate capital of Mainz.

Comecon at odds over need for economic reform

BY LESLIE COLITT IN BERLIN

A DEEP gulf has emerged between economic reformers and conservatives in Eastern Europe at Comecon's summit meeting in Prague.

Mr Jozsef Marjai, Hungary's Deputy Prime Minister, warned that, without reforming itself, Comecon would become a barrier to domestic economic reforms in Eastern Europe. He particularly criticised the "stagnation of trade" within the grouping and the lack of a convertible currency.

The Soviet Prime Minister, Mr Nikolai Ryzhkov, also bemoaned lagging trade between members, as well as the poor quality of their products and the lack of competitiveness with the West.

But the East German and Romanian Prime Ministers saw no need for restructuring (perestroika) either in their own economies or in Comecon. Mr Constantin Dascalescu, Romania's Premier, expressed concern about Moscow's economic reform proposals.

His East German counterpart, Mr Willi Stoph, stressed the need for "stability and adherence to the plan" in trade relations between Comecon countries.

East Germany and, to some extent, Czechoslovakia, have been affected adversely by the shift in Soviet planning away from large-scale industrial projects. These were to have been provided with East German and Czechoslovak machinery and equipment. In both countries, heavy engineering factories were geared to produce for the Soviet market but now face a lack of buyers.

Mr Lubomir Strougal, the Czechoslovak Prime Minister, who is a long-time proponent of economic reforms, called for urgent steps to be taken towards their implementation in Comecon. His Polish opposite number, Mr Zbigniew Messner, also endorsed reforms and spoke of the pressing need to create a "unified socialist market" by the year 2000.

Voicing a persistent demand at Comecon meetings since the late 1960s, Mr Marjai said the transferable rouble (a strictly accounting device used in Comecon payments) would have to be made convertible if Comecon trade were to be boosted. The present system discourages members from achieving a bilateral trade surplus, as it cannot be used in trade with a third Comecon member.

The continued opposition to reforms by East Germany and Romania could give impetus to proposals made by the Hungarian and Soviet officials to institute them among the three or four members which are interested.

German unions in shift towards Saturday work

BY OUR BONN STAFF

WEST GERMAN trade unions, facing growing criticism for the high cost and inflexibility of labour, appear to be giving in to pressure to restart Saturday working – virtually unheard of in manufacturing since the mid-1960s.

SKF, the Swedish bearings manufacturer with a plant in Schweinfurt, Bavaria, announced that its works council has agreed some workers at the giant plant can work until mid-afternoon on nine Saturdays a year, to cope with sudden surges in demand.

Perhaps more significantly, the management at the Opel (General Motors) plant in Kaiserslautern has won provisional agreement to limited Saturday working despite a flat refusal at the other major Opel plant in Germany at Russelsheim.

Officials of the main car industry union, IG Metall, said Kaiserslautern is more vulnerable to the transfer of work to lower wage or more flexible plants elsewhere in Europe.

Recent agreements in other countries have helped to increase the pressure in Germany.

At the General Motors plant at Zaragoza in Spain, where unemployment is more than 20 per cent, the unions have just agreed to a night shift. And at the Antwerp plant in Belgium, Saturday working was established about six months ago.

BMW probably leads German car manufacturers on Saturday working. At the new Regensburg plant a six-day, one shift, system (including Saturday as a normal day) began in May.

Despite opposition to the principle of Saturday working from IG Metall, the local union representatives were persuaded by the offer of a 36-hour four day week.

The West German car industry is in the middle of a major rationalisation drive which is expected to cause the loss of tens of thousands of jobs over the next few years.

Delors sees need for a form of European government in 1990s

BY DAVID BUCHAN IN STRASBOURG

SOME FORM of European government will be needed by the mid-1990s if the European Community is to resolve the issues facing it by then, Mr Jacques Delors, the newly reappointed Commission president, predicted yesterday.

Sovereignty was already passing to EC institutions, Mr Delors claimed. The Community had achieved more in the past six months than in the previous 10 years, and he forecast that "in 10 years time 80 per cent of economic, perhaps even social and tax, legislation will be of Community origin."

Mr Delors was briefing the European Parliament on the results of last week's Hanover summit, at which EC heads of government set up a committee to study monetary union, and called for more stress on social policy in the EC's currently fast-rolling internal market programme. Mrs Margaret Thatcher, Britain's Prime Minister, has complained that any monetary union involving a common European central bank would entail a European government, and that was unimaginable in her lifetime.

Ironically, Mr Delors singled out Britain and West Germany as the only two EC countries whose national parliaments were aware of the passing of sovereignty. He seemed to be referring to West Germany's joint committee of national and European legislators and the double mandate of some Britons who sit both at Westminster and at Strasbourg.

"In the other 10 countries, no co-operation exists between European parliamentarians and national parliaments," Mr Delors said. "I fear that one day some of these national parliaments will wake up horrified, and will constitute another brake on the march towards European union."

Retail prices soar by 21% in Yugoslavia

BY ALEKSANDAR LEBL IN BELGRADE

RETAIL PRICES in Yugoslavia increased 21.1 per cent last month, boosting the annual inflation rate to 175.5 per cent and confirming fears of a price explosion after many controls were lifted at the end of May.

It has already been admitted unofficially that the target of maintaining inflation for the year at the 90-95 per cent range, as agreed with the International Monetary Fund, is beyond reach. In the first half of the year, prices rose 55.8 per cent and growth is likely to be 8-10 per cent per month, which would result in 140-180 per cent inflation. Last year, inflation was 167.4 per cent.

In conformity with the IMF standby arrangement, this means real wages will fall by up to 30 per cent, which will bring more calls for an end to the relatively radical economic reform. The Government and the ruling League of Communists say there is no alternative to the reform and that it will be carried out at all cost.

High inflation has also speeded depreciation of the dinar. After the 23.9 devaluation at the end of May, the currency floated down another 20 per cent against the dollar in June and slightly less against other hard currencies. The trend is set to continue in July.

Both the trade balance and the balance of payments are showing surpluses and the board of governors of the IMF approved the disbursement of the first tranche of the standby credit after being informed that commercial banks have secured the necessary $270m in fresh money.

The World Bank has approved $120m credit to three Yugoslav banks to finance export-oriented projects, and the second structural adjustment loan of about $300m is expected to be approved soon. Yugoslavia also has an option on $90m from Japan. The Paris Club has decided to capitalise interest due this year, which is tantamount to giving Yugoslavia $300m in fresh money.

With the programme of rescheduling in place, which means that the country need not pay some $2bn next year, Yugoslavia has won sufficient breathing space. The problem now seems to be that Yugoslav companies are reluctant to borrow in foreign currency because of the depreciating dinar.

Setback for Israel's EC links

BY DAVID BUCHAN

ISRAEL SUFFERED a set back yesterday in its relations with the European Community when the European Parliament again delayed a vote on the controversial EC Israel economic protocol.

The Parliament's "enlarged bureau", its all-party political steering committee, yesterday posponed consideration of the new agreement until October, having decided that there were not the required votes at this week's poorly attended session.

Neither supporters nor opponents of the Israeli protocols want them discussed at the next parliamentary session in September, which Mr Yassir Arafat, leader of the Palestine Liberation Organisation, is due to attend.

The fate of the three protocols negotiated by the European Commission last year, has come to symbolise the state of Israel's relations with Europe. These have suffered this year because of European concern about Israeli troop behaviour in the occupied territories and about Israeli implementation of a new EC arrangement for direct export of Palestinian farm produce.

The peculiar constitutional position is that the Parliament's approval (by 260 out of a total 518 votes) is needed for the protocols to pass but its disapproval cannot cancel the agreements. If the Parliament votes down the agreements again, as it did last March, it would be for Greece as current president of the EC Council to re-submit the protocols to the Parliament. Such an action by Greece, the only EC member state not to have full diplomatic relations with Israel, would by no means be certain.

However, delay of the vote until October brings Israel nearer to the start of its autumn shipments of fruit, vegetables and flowers to the Community. In addition to giving Israel some non-preferential bank loans, the protocols are designed to adapt the existing EC Israel commercial agreements to take account of Spain and Portugal joining the Community. In particular, they give Israel some tariff cuts to allow it to maintain its volume of exports to the EC in the face of sharper price competition from rival Iberian producers.

Steel subsidy suit against Brussels

By David Goodhart in Bonn

THE West German Iron and Steel Federation has decided to carry out its threat to take the European Commission to the European Court of Justice over the Commission's failure to act against allegedly illegal subsidies to the British Steel Corporation.

The federation formally asked the Commission to take action against the Italian steel group Finsider and BSC in March. The federation is satisfied with the action taken against the Italian Government in the Finsider case but is most unhappy with the Commission's refusal to act against BSC.

The suit against the Commission will claim that BSC has received £217m of unauthorised, and thus illegal, aid since 1983 and that the company received a further £713m in aid which was not needed to restore its viability and thus counts as over-subsidisation.

Monopolies agency hits at Daimler stake in MBB

BY OUR BONN STAFF

THE WEST German Monopolies Commission yesterday criticised the proposed partial takeover by Daimler-Benz of Messerschmitt-Boelkow-Blohm (MBB), West German aerospace group, as clearly anti-competitive.

Daimler, West German vehicle manufacturer, is expected to take a 30 per cent stake in MBB as long as the German Government agrees to cover certain risks and a law suit from the minority family shareholders of Dornier, now part of Daimler, fails.

Daimler will control a huge chunk of the West German defence industry if those two conditions are met.

The Commission, which was yesterday delivering its annual report, has a purely advisory function and its opposition to the deal will carry little weight in Bonn, where the Government has been pressing for the takeover for months. Even the Federal Cartel Office in Berlin, which must examine any Daimler deal, can be over-ruled by the Government.

Denktash offers new formula for talks

BY JIM BODGENER IN ANKARA

THE Turkish-Cypriot leader Mr Rauf Denktash left Ankara yesterday armed with an open-ended formula for proposed talks under the UN's aegis with Mr George Vassiliou, president of Cyprus.

No reference will be made at the talks to previous settlement proposals for the divided island, hnt neither will they subsequently be ruled out.

This leaves Mr Denktash's steadfast insistence on real power-sharing between the two communities intact, as enunciated in the 1986 stalled initiative of MrJanvier Perez de Cuellar, UN Secretary-General.

This has been Mr Denktash's minimum position since, and calls for a bi-zonal federated community headed by a Greek-Cypriot president, a Turkish-Cypriot vice-president, and according to verbal agreement, a Turkish-Cypriot foreign minister.

However, since his election in February, Mr Vassiliou, like his predecessor Mr Spyros Kyprianou, has disavowed the initiative.

Mr Denktash came under pressure to attend the meeting on Tuesday during talks with Turkey'e President Kenan Evren, Mr Turgut Ozal, his Prime Minister, and Mr Mesut Yilmaz, Foreign Minister. The meeting will be in Geneva later this month.

Thousands protest over falling living standards

BY JUDY DEMPSEY IN VIENNA

MORE THAN 5,000 Yugoslav leather workers yesterday demonstrated outside Parliament in Belgrade in protest against falling living standards, low wages and mismanagement in their company.

About 1,500 angry workers broke a police cordon and stormed into parliament but relative calm was restored after the workers held a meeting with senior officials and left the building.

Some of the demonstrators had marched 180 kilometres from their leather and shoe factory in Borovo, Croatia, where over 10,000 workers have been on strike since Saturday, and were demanding an immediate increase in wages.

The strike is one of many since Mr Branko Mikulic, the Prime Minister, introduced reforms in May which included lifting the freeze on prices and liberalising imports while curbing wage increases and public spending.

Those who gathered outside Parliament sharply criticised the Government's economic programme as well as the management in their own factory, which employs more than 23,000 people.

The enterprise, one of many which is running up large debts, is now threatened with closure because of the lack of raw materials. Workers yesterday blamed Mr Nenad Krekic, the Foreign Trade Minister and a former president of Borovo, for squandering funds in the region to stage the 1987 World Student Games in Zagreb, the capital of Croatia.

David Goodhart in Bonn examines the political problems of West Germany's Socialist opposition

Divisions in SPD undermine party's prospects of power

WEST GERMANY'S Social Democratic Party celebrated its 125th birthday last weekend with a party for 100,000 in Frankfurt. Although ont of government for six years, the SPD has more reason to celebrate than many of its sister parties on the European left.

It recently won control of the northern state of Schleswig-Holstein and the latest opinion poll has placed it ahead of the Christian Democratic Union and the Christian Social Union for the first time since 1973.

So why do so few people, even within the party, believe it has much chance of forming a government after the general election in 1990?

The answer partly is thet the SPD is not so much winning support as the ruling coalition (suffering classic mid-term blues) is losing it.

The coalition's difficulties have also disguised the SPD's own drift and division – at least in domestic policy. Without the burden of national office the party ought to be leading the bunt for credible answers to the problems which neither the old left nor the new right in Europe have solved: combining stahle prices with full employment, market dynamism with social justice, and restructuring the welfare state for an ageing population.

Compared with, say, the Labour Party in Britain, the SPD is well placed for the task. It is highly professional, well-funded and well-supported (920,000 members), completely integrated into national political life, and continues to run several important states and cities.

It is not dependent on the West German trade unions, whose leaders are in any case familiar with the facts of economic life because they sit on the boards of most big companies. And the SPD has long accepted the capitalist ground rules, suffering only a limited shift leftward in the late 1970s.

So why has the party failed to come up with an appealing economic policy package? The incentive is hardly lacking. Since the other parties have borrowed most of its foreign policy clothes, it cannot present a distinct and election-winning vision in the international arena, as it did with Willy Brandt's *Ostpolitik* in the 1960s.

Presentational opportunities have also been abundant. A party ready for national leadership would have grasped the coalition's flawed reform programme (tax, telecommunications, pensions, health) and the current intense debate about West Germany's manufacturing competitiveness as platforms to project a coherent alternative. As it is, the SPD has either been on both sides of the argument at once or, more usually, has taken a conservative "we have what we hold" stance.

Combining vision and problem-solving competence for an intricate, post-ideological, society is, of course, easier said than done. And the SPD cannot just sell itself as the pragmatic alternative to the excesses of the new right, like the Democrats in the US, because the new right has so little influence in West German politics.

It would also be unfair to overlook the fact that some re-thinking *is* going on. Next year the party will adopt a new programme, the first since 1959, and the distillation of five years' debate. But the first draft, the Irsee report, is generally considered long on philosophical waffle (mainly greenish in hue) and short on good, crisp, ideas.

A bigger problem for the SPD's clarity of image and credibility in economic management has been the emergence of two quietly warring groups. On one side are the youngish, technocratic "new thinkers", who accept some of the liberal critiqua of an over-regulated, inefficiently subsidised, economy, and are – like Mr Oskar Lafontaine an SPD deputy chairman – prepared, sometimes, to challenge the assumptions of their traditional supporters.

The second group makes a virtue of those defensive assumptions and sees the current competitiveness debate as unfairly concentrating hlame on organised labour, already weakened by 9 per cent unemployment. This group also fears, with some justification, that the 1992 open market will speed the export of capital to lower wage European economies and threaten West Germany's high standards of welfare and working conditions.

The technocratic "snpply-side Socialists", who generally welcome 1992, may have the best economic arguments hut they do not yet have a purchase on the soul of the party. The task of persuading hlue-collar activists that greater flexibility, or a thorough spring-cleaning of tha puhlic sector, are necessary to hold on to superior social conditions, requires qualities of tact and leadership that smooth technocrats are not famous for.

Next year in Bremen the SPD will not repeat Bad Godesberg 1959, where a programme was drafted as the culmination of a long and heated debate between old and new, and was a clear victory for the new. But perhaps a bit of muddiness ie in tune with the times.

Some mud is certainly required by the electoral system. The SPD cannot win power on its own so has to appeal to one or both of the two small parties – tha liberal Free Democrats and the Greens (if they can pull themselves together) – as well as the electorate.

And, ready for it or not, power may not be far away. Unless the current woes of the coalition last another two years the SPD is unlikely to force the Free Democrats to change partners in 1990. But many pundits believe that if the coalition majority is substantially eroded the Free Democrats will swap partners in 1992 or thereabouts. The swap would be easier if the technocrats regained clear command of the SPD – although Mr Ferdinand Lassalles who founded the party in Leipzig 125 years ago, might not have approved.

Italy output call

Italy needs to boost productivity, contain wage rises and expand advanced technology, the Bank of Italy's Director-General, Mr Lamberto Dini, said, Reuter reports.

He told a parliamentary committee Italy needed to do this to ensure it could fully exploit opportunities from European markets integration in 1992.

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UN policing for Kampuchea sought at Asean

BY PETER UNGPHAKORN IN BANGKOK

THAI officials say they are pressing ahead with a plan for United Nations policing if a settlement is reached on the Kampuchean conflict, despite contradictory statements from the Kampuchean resistance leader who has been a leading proponent of the plan.

The plan is being pursued as preparations for informal talks on the conflict, scheduled to start in Jakarta on July 25, enter a sensitive stage.

Neither Hanoi, nor the Vietnamese-backed government in Phnom Penh, have formally accepted an invitation to attend, and yesterday the Thai government spokesman said Mr Khieu Samphan, leader of the Chinese-backed Khmer Rouge, the strongest of the three resistance groups, had to be persuaded at a meeting with South-east Asian ministers not to withdraw from the peace talks.

On Tuesday night, Prince Norodom Sihanouk, official Head of State of the coalition of resistance groups, caused confusion when he told foreign ministers of the Association of South-east Asian Nations in Bangkok that he was no longer in favour of a UN peace-keeping force.

The Prince, who is known for his inconsistent behaviour, immediately retracted his statement, apparently after being persuaded by the ministers from Thailand, Singapore, the Philippines, Malaysia, Indonesia and Brunei.

Air Chief Marshall Siddhi Savetsila, the Thai Foreign Minister, told Bangkok's Nation newspaper that Mr Xavier Perez de Cuellar, the UN Secretary General, could be asked to help form an international peace-keeping force if the Jakarta talks achieve a breakthrough. He said a number of countries had volunteered to participate but he declined to name them.

The Asean foreign ministers, who have just ended their annual meeting, could discuss a peacekeeping force at a meeting today with Mr George Shultz, US Secretary of State, and foreign ministers from Japan, Australia, New Zealand, Canada and the European Community.

But a peace-keeping force would still have to be approved by Vietnam and the Heng Samrin Government in Phnom Penh, who have so far rejected such an idea.

A complicated formula has been devised for the Jakarta peace talks to allow all sides to take part without heving to accept differing views on who is responsible for the Kampuchean conflict.

India may seek Sri Lanka negotiated settlement

BY MERVYN DE SILVA IN COLOMBO

THE DRAWN-OUT struggle between Sri Lanka's Tamil Tigers, the Tamil separatist guerrillas, and the Indian Army's peacekeeping force on the island may finally be moving to some form of agreement born of stalemate.

Disarming the Tamils and policing their areas has proved impossible for the Indians.

The Tigers can make their way through the thick *wanni* jungles of Sri Lanka on their way to the Jaffna Peninsula, the heartland of the Tamil separatists. Somewhere there is the hide-out of Mr Velupillai Prabhakaran, leader of the Tigers who have defied India's army for a year since Mr Rajiv Gandhi and President Jayawardene signed a peace accord to end the island's ethnic conflict last July.

With 452 dead and nearly 1,500 injured, the Indian army has suffered larger casualties than in its last war against Pakistan. It is now scenting victory and does not like to be cheated of it.

"Each time we give them a good bashing, the Tigers start crying for talks" says a senior Indian officer, adding "another clobbering is what they need".

Mr Gandhi is believed to see a military solution as illusory and dangerous, a slippery road to India's Afghanistan.

US waits for Gulf air missile attack inquiry

BY STEWART FLEMING IN WASHINGTON

Webb: questions ship's role

CONFLICTING evidence about the circumstances which led the captain of the USS Vincennes to shoot down the Iran Air airliner over the Gulf on Sunday has left the US trying to limit damage to its international standing.

The US has decided not to apologise formally to Iran for what President Reagan has described as an "understandable accident", a move which would concede responsibility for an incident which American officials claim to be, in part at least, the result of Iranian decisions.

President Reagan sent a diplomatic note to Iran on Sunday expressing "deep regret" that earlier in the day the ship had shot the Iranian Airbus down after mistaking it for an F-14 fighter approaching the Vincennes with hostile intent.

Congressman Thomas Foley, the House Majority Leader, disclosed on Tuesday night that he had been told that the US would also agree to a meeting of the UN Security Council to discuss the incident although this has yet to be confirmed officially.

Such a meeting might help to strengthen the hand of those groups in Iran who are arguing for a diplomatic offensive against the US, rather than for retaliation for the shooting.

Mr George Shultz, the US Secretary of State, disclosed this week that before the incident some Iranian officials had made overtures to the US through third parties indicating that they wanted to open direct talks with Washington. He said that the US had responded positively.

The attack on the Airbus represents a serious setback to efforts by the US and its allies to try to rebuild diplomatic relationships with Iran in anticipation of the death of Ayatollah Ruhollah Khomeini, its ailing leader.

It has also raised doubts about the capabilities of the high technology weaponry which the Reagan Administration has invested so heavily in and about the wisdom of the open-ended and changing commitment the US has entered into in the Gulf.

This began with a decision to protect Kuwaiti oil tankers flying the US flag in order to try and prevent the Soviet Union, which had offered similar protection, from expanding its presence in the Gulf. Subsequently Washington has expanded its role to include protecting, first, US flagged vessels and then ships flying the flags of other nations not involved in the Gulf War. These moves have been criticised as tantamount to a tilt towards Iraq in its war against Iran.

Mr James Webb, the former Navy Secretary, interviewed on US television on Tuesday night, questioned the wisdom of placing in an essentially defensive role the USS Vincennes, one of the most electronically sophisticated warships in the US navy. He said the Vincennes, which is able to track and destroy targets such as missiles and fighter jets, was most suited for an offensive role because of the damage it would suffer from a missile hit.

The stationing of the Vincennes in the narrow Straits of Hormuz was in part a response to a threat posed to shipping when Silkworm missile sites on the Iranian coast become operational.

Until the results of the Pentagon investigation now underway in the Gulf are known, however, Washington has limited room for manoeuvre diplomatically because circumstances surrounding the shooting are so unclear.

On Tuesday for example, Mr Dan Howard, the Pentagon spokesman told reporters that the Airbus was sending out two sets of electronic signals, one identifying it in the judgment of the Vincennes as a military jet. Unnamed Pentagon officials however have reportedly raised doubts about this saying that another warship in the area only received one signal from the Airbus, which indicated it was a civilian aircraft. US officials have told members of Congress it is possible that the second signal came from another, military, jet in the area, not the Airbus.

There are also conflicting reports now about not only whether the Airbus was losing height, in what could be misinterpreted by the Vincennes as an attacking profile, but also whether it was as low as the Vincennes initially suggested.

Tokyo cuts the support price of rice by 4.6%

By Ian Rodger in Tokyo

THE Japanese Government and the ruling Liberal Democratic Party agreed yesterday after surprisingly little fuss to trim the support price for rice by 4.6 per cent this year.

This is the second year in a row that the support price, which makes Japanese rice several times more expensive than that available in open markets, has been reduced.

Officials say the farmers, who argued for no reduction, were in a poor negotiating position this year because of the emergence of large rice surpluses. Also, Japanese consumers are becoming more restive about the high prices they pay for rice.

Hawke welcomes Japanese investment

Mr Bob Hawke said Australia welcomed Japanese investment and wanted more in spite of mounting Australian criticism, AP writes from Sydney. Mr Paul Keating, the Treasurer, told the Japanese this week that complaints about Japanese purchases of Australian land and property were "an aberration".

Roh signals softer policy towards North Korea

BY MAGGIE FORD IN SEOUL

IN A gesture of reconciliation before the Seoul Olympic Games, President Roh Tae Woo of South Korea is to change the country's policy towards the Communist North.

In a speech he plans to deliver today, President Roh says that after public demands in the South for progress towards reunification of the divided country and in the light of the mood of rapprochement between the superpowers, it is time for a change in attitude.

Roh: six-point plan

In a six-point declaration, the president suggests that cultural exchanges, family visits, trade and improved diplomacy could lay the basis of better relations between the two halves of the peninsula, which have had practically no contact since the Korean War ended in 1953.

A government spokesman said that the declaration was designed to bring North Korea out of isolation and induce it to start on the path to reform. South Korea was now such a successful country, he said, that it was meaningless to continue the propaganda war against its neighbour.

Western diplomats were sceptical, however, about the likelihood of the declaration producing any breakthrough in the relationship between the two. President Roh made no mention of the North's demand to co-host the Olympics and offered no new concrete proposals, they said. Public opinion has focused on reunification since student demonstrations last month.

● A South Korean retired general, who is now a member of the National Assembly in an opposition party, yesterday accused former General Chung Ho Yong, also in the parliament, of being responsible for the 1980 killings in the provincial city of Kwangju.

More than 200 people died after intervention in the aftermath of the 1979 military coup. The ruling party has accused the opposition general, who was fired from his post as Kwangju commander during the incident, of also carrying responsibility.

Swapo blamed for bomb blast in Namibia

By Anthony Robinson in Johannesburg

A BOMB ripped through a crowded butcher's shop in suburban Windhoek yesterday killing one black man and injuring 18 others. Police blamed the South West Africa Peoples Organisation.

It was the worst bomb attack in Namibia since February when 19 people died and over 30 were injured in a blast in a bank at Oshakati, close to the Angolan border.

Tension was also high in the Botswanan capital of Gaberone yesterday. Police said four hotels and schools received bomb threats from callers demanding the release of the two alleged South African commando's captured last month.

Meanwhile in Johannesburg, the Mandela-70 committee announced plans for a monster birthday party and "concert for peace" in Soweto and other townships around the country on Sunday, July 17. Given the state of emergency it appears unlikely that the Government will allow the planned concerts to take place. The only concession has been to give permission to Mrs Winnie Mandela and other close family to hold a six-hour family reunion at Pollsmoor Jail.

Afghan guerrillas to call on UN mediator to resign

BY ROBIN PAULEY, ASIA EDITOR, RECENTLY IN PESHAWAR

THE Afghan mujahideen leaders and the Afghan interim Government based in Peshawar, Pakistan, are to ask Mr Javier Perez de Cuellar, UN Secretary General, urgently to replace Mr Diego Cordovez, his special mediator on Afghanistan.

The problem centres around the future role of Afghan Communists following the withdrawal of 115,000 Soviet troops from Afghanistan after an occupation lasting more than eight years.

Mr Cordovez, who spent six years negotiating the Geneva accords covering the timetable and mechanics of the Soviet withdrawal, has proposed that a transitional government representing all groups in Afghan society should be formed.

The mujahideen resistance has lost more than 1m lives in the 10-year battle against the Afghan Communist regime and the Soviet Army. Its leaders insist that the next government should be a Moslem-dominated body excluding all members of the present Kabul regime and all members of the Communist party.

Last month Mr Abdul Haq, an important mujahideen commander for the Kabul area, was formally invited to the United Nations headquarters in New York. After lengthy discussions with Mr Giandomenico Picco, a senior aide to Mr Perez de Cuellar, Mr Haq secured agreement that the UN would stop actively promoting the inclusion of Communists in the coalition.

Mr Haq had made a condition of his visit to the UN that he should not meet formally or informally with Mr Cordovez, who alienated mujahideen commanders by negotiating the Geneva accords without their participation.

However, Mr Cordovez arrived in Pakistan from Iran at the end of last week and immediately angered the mujahideen commanders further by contradicting the agreement between Mr Haq and Mr Perez de Cuellar's office, remarking that the goal was a government "which represents all segments of Afghan society, not leaving out any segment".

The mujahideen leaders refused to meet Mr Cordovez, who returns to Islamabad from Kabul today. The alliance argues that an Afghan interim government is already in place, making Mr Cordovez's mission irrelevant.

On the other hand the interim government is widely regarded as unrepresentative and some moderate mujahideen leaders still feel that if Mr Cordovez were replaced a fresh start could be made by the UN which might ultimately produce a workable political transition.

Peking seeks to boost investment ties with Taiwan

BY ROBERT THOMSON IN PEKING

CHINA has unveiled a package of incentives in an attempt to increase investment links with Taiwen and, for doubting Taiwanese, has promised that profits on the mainland will equal those enywhere in Asia.

Direct investment is still forbidden by Taipei. Yuan Mu, a Chinese state council spokesman, said secrecy would be guaranteed.

All Taiwanese companies "will receive the same treatment and their legitimate rights and interests will be protected along with their safety to come and go", be said.

The Peking government, playing to the audience of the current Nationalist Party congress in Taiwan, is boping the incentives will further broaden contacts between the island and the mainland, and, in the long term, make more feasible Taiwan's return to the Chinese fold.

Foreign investors are limited to industries which China has targeted for development, but Taiwanese were told yesterday that they could invest in any project of any kind and, unlike foreigners, would not be subject to eny time limit on the investment.

Under the 22-point regulations, Taiwanese can appoint the chairman of the joint venture board, and will be entitled to cuts in duties.

The government has also pledged to make a special effort to reduce bureaucractic hold-ups in processing investment applications, with approval taking no more than 45 days.

Yuan would not give an estimate of present Taiwanese investment, though Fujian Province, in the south, claims that more than $50m has been pumped into abont 50 local companies, and the figure could be higher in Guangdong, near Hong Kong, where factories have been established to take advanatage of the relatively low labour costs.

Investment has increased significantly since last October, when the Taiwanese government relaxed restrictions on travel to tbe mainland, although Taipei still bans direct trade and investment.

To ease the abiding fears about communism, the new regulations include a guarantee that "the state shall not nationalise any investment or other assets bought by Taiwan compatriots".

Bob King adds from Taipei: Taiwanese figures show that Taiwan exported more than $2bn-worth of goods to Hong Kong up until May this year.

If estimates that 70 per cent of these exports are actually bound for China are correct, then the mainland represents Taiwen's third-largest export market after the US and Japan.

China and Brazil sign satellite agreement

CHINA and Brazil yesterday signed an agreement on joint development of two satellites, Reuter reports from Peking.

The deal was one of eight which included commitments to co-operate in the fields of transport, medicine, industry, water, and electricity.

Details of the space agreement were not immediately available but Brazilian officials have said the two countries hope to launch satellites with Chinese Long March rockets in 1992 and 1994 to monitor crops end natural resources in China and Brazil.

Mr Jose Sarney, the first Brazilian head of state to visit Peking, met Deng Xiaoping, the senior Chinese leader, earlier this week.

China, which says it has successfully launched 22 satellites, has urged Western governments to allow it to sell its rocket launch services to Western customers and not impose tight restrictions on foreign satellites entering China for launching.

Sales boom for vehicle imports in Japan

By Ian Rodger in Tokyo

SALES of domestic and imported vehicles in Japan are booming, because of the country's strong economic growth.

Sales of Japanese-made vehicles in the first half of 1988 totalled a record 2,500,849 units, 16.9 higher than in the first half of last year, according to the Japan Automobile Dealers Association.

Imports are growing much faster, but from a very small base. Sales of imported cars jumped 31.5 per cent in the first six months of this year to 58,474 units, according to the Japan Automobile Importers Association.

The association predicts that import sales will top 100,000 units for the first time this year, and could reach 120,000.

West German cars are the most popular imports, accounting for 70 per cent of the total. However, the increase of West German car sales was 21.6 per cent, less than the average.

Sales of US cars jumped 159 per cent to 5,027 units, as a result of dramatically improved terms of trade for US car makers in the Japanese market.

Also, the first deliveries to Japan in April of 1,507 Honda Accords made in the US had a substantial impact. Mazda Motors and Nissan Motors are expected to begin imports from the US in the second half.

Japan-France chip link-up

OKI Electric Industry of Japan has agreed with SGS-Thomson Microelectronics of France to co-operate in producing semiconductor memory products, Reuter reports from Tokyo.

The French company will assemble 256K and one megabit dynamic random access memory modules at its plant in Nancy, France, for sale by Oki in Europe.

Oki said the companies had made a comprehensive cross-licence agreement on semiconductor patents, replacing all previous agreements, to co-operate further in production and technology.

The French company is a venture involving Thomson-CSF.

US groups unveil trade in services blueprint

BY PETER MONTAGNON, WORLD TRADE EDITOR

LEADING US services sector companies yesterday unveiled a blueprint for a three-part international agreement to liberalise world trade in services that they would like to see adopted in the Uruguay Round of multilateral trade liberalisation talks.

The blueprint was presented to Mr Clayton Yeutter, US Trade Representative, by Mr John Reed, Chairman of Citibank and of the US Coalition of Service Industries (CSI) which drew up the document.

It calls for a "rigorous and soundly-constructed" agreement to set in motion a process of liberalisation that would continue beyond the conclusion of the Uruguay Round.

Its technical proposals closely reflect the US negotiating position in the Uruguay Round. The CSI has been the driving force behind US efforts to open up the world market in services and is widely regarded as the most vocal lobbying group on this issue in any major country.

The blueprint calls for an agreement to be administered on a conditional most-favoured-nation basis wich means participating countries would have to extend equal rights to all other co-signatories but not to countries which had not signed the agreement. Provision would be made for expansion of the membership and scope of the agreement over time.

It says the agreement should be divided into three main parts: a core agreement listing basic obligations with which all signatories should comply immediately, a second part comprising detailed rules and procedures for further liberalising trade in services through the negotiation of subsidiary agreements among all or some signatories, and a third element establishing permanent institutional mechanisms for implementing and administering the main accord.

The first part should include a standstill commitment inhibiting signatories from adopting new restrictive measures on trade in services as well as a commitment fully to disclose regulatory measures affecting trade in services.

It would establish a principle of national treatment whereby foreign service providers would be treated equally with domestic providers in matters such as taxation, access to distribution systems, licences and operating authorisations.

Foreign service providers would also acquire the right to establish a commercial presence inside the territory of another signatory, but should not be obliged to do so to benefit from liberalisation.

The CSI warns against the inclusion of derogations or specific exemptions to these rules which it says should be severely limited and considered "fair game" for elimination by negotiation.

It also says no new monopolies or state enterprises should be created in the services area. The basic agreement should contain detailed rules on subsidies.

The second part of the agreement would establish procedures for reaching subsidiary accords relating to specific sectors or areas of activity. A country could not sign such a subsidiary agreement without first subscribing to the overall agreement on services, the CSI says.

Finally the third part of the agreement would deal with the role of the General Agreement on Tariffs and Trade (Gatt) in monitoring compliance with the agreement and in establishing a dispute settlement procedure which should be the same for all services disputes regardless of sector.

In an apparent reference to existing arrangements for sectors such as air transport, the CSI notes that some service industries are already covered by existing international organisations and bilateral agreements.

"Some method will have to be found to reconcile the rules established by other organisations or agreements with the new Gatt rules on services, without compromising the Gatt services agreement's fundamental goal of trade liberalisation."

Japan's surplus 'may stay at $70bn'

BY NANCY DUNNE IN WASHINGTON

JAPAN'S current account surplus may still be as high as $70bn (£41bn) in 1992 unless it institutes fundamental reforms to encourage imports, raises its contribution to allied defence efforts and provides more aid to the developing nations.

The warning comes in a study issued yesterday by the staff of the Congressional Joint Economic Committee.

Senator Paul Sarbanes, chairman of the Joint Economic Committee, said that the extraordinary trade imbalances could not be sustained indefinitely. "The longer they persist, the greater the likelihood that adjustment in the world economy will be sharp and painful."

Looking at Japan's efforts to reduce its 1987 merchandise trade surplus, the report sees little expectation for improvement.

Accelerated growth has not spurred imports to any signicant degree; increased support for US military efforts on Japan's behalf has risen insufficiently and the $30bn recycling programme for the Third World will deliver much less than initial reports suggest.

In 1987, Japan recorded a $97bn merchandise trade surplus. It has converted its earnings from exports into unprecedented purchases of foreign assets, with its holdings rising from $12bn in 1980 to net foreign assets of $241bn at the end of last year, the report says.

In an indirect rebuke concerning the Reagan Administration's policy, the report warns that Japanese growth and yen appreciation are not the solution to the international imbalances. In fact, it says, Japan's external imbalances have expanded since the second quarter of 1987, despite rapid GNP growth, since imports remain low.

The report says that now that the US is decreasing its imports, the world economy is facing new threats from declining demand, and Japan must help fill this gap.

The committee points out that only $2bn of Japan's $30bn aid programme is planned for Latin American, and $10bn of the money represents funds previously committed to the development banks.

Another $8bn is attributed to Japan allowing the development banks (MDB) to borrow funds in the Tokyo capital markets, a sum "only fractionally above the annual level at which Japan has been permitting the MDBs to borrow for several years."

Of the remaining $12m, $9bn is planned for co-financing arrangements with the World Bank, which will probably not permit borrowing that could not have been done on commercial terms in any case.

The final $3bn to be lent through Japan's Overseas Economic Co-operation Fund does not represent new money that had not already been budgeted.

Japan could reduce the trade imbalance and spend less on defence if it bought its weapons from American companies in the US rather than insisting that they be produced domestically under licence from US companies, the report says.

Caricom fails to agree on ending curbs

By Canute James in St John's, Antigua

THE Caribbean Economic Community (Caricom) has failed to agree on the dismantling of all barriers to trade among its members before the end of this year, and has accepted a compromise which will give protection to some industries until 1991.

The community, made up of 13 English-speaking countries, accepted the arguments of some of its smaller members that several sectors would be harmed by the removal of tariffs and quantitative restrictions to trade within the community by October of this year.

At their annual summit in Antigua this week, community leaders agreed a list of the 23 exempted products, which has not been made public. The list will be reviewed periodically, with some sectors being opened to competition when it is felt they are strong enough.

"There was agreement on the need for the liberalisation of trade within the community," said Mr Lester Bird, Antigua's Trade Minister.

"The question is, just how long the derogations will be applied."

The compromise represents a setback for the community since it had been hoped that the meeting would end with agreement to remove all restrictions on trade.

Canadians in Ethiopian oil deal

BY WILLIAM DULLFORCE IN GENEVA

INTERNATIONAL Petroleum Corporation of Vancouver, Canada, has secured from Ethiopia the first oil exploration contract to be awarded a Western concern since the revolution of 1974.

IPC's wholly-owned subsidiary, International Petroleum, has acquired rights in the Danakil block, covering a 34,000 sq km area onshore and offshore the Red Sea coast.

The contract signed with the Ethiopian Ministry of Mines and Energy incorporates a "classic" production-sharing agreement and provides for a 50 per cent tax on revenues after recovery of costs, according to the IPC office in Geneva.

Initially, IPC is committed to carrying out field geology and seismic operations for one year. Favourable results would trigger drilling.

Substantial oil exploration is already under way in the southern Red Sea and Western Gulf of Aden. Hunt Oil, Total and Texaco are exploring offshore North Yemen while Elf Aquitaine, Britoil and Lasmo are conducting seismic surveys in their joint concession around Aden.

On the African side, Chevron has started to drill its first well in Somalia.

IPC holds a 22 per cent interest in the Saleh Field offshore Ras al-Khaimah in the United Arab Emirates.

Seoul in foreign property move

SOUTH Korea is to allow greater investment in foreign property to help check its growing current account surplus and avoid trade frictions, Reuter reports from Seoul.

Businesses will now be allowed to buy unlimited foreign property on approval from the central bank.

Individuals will be able to spend up to $1m on property overseas.

WORLD BANK DEVELOPMENT REPORT

Developing nations can succeed in blunting economic shocks

World Bank

Peter Montagnon examines the principal conclusions of the World Development Report, which is published today by the World Bank

THE OUTLOOK for the world economy remains fragile despite its resilience in the wake of last October's stock market shock but developing countries can make a significant contribution to minimising their own economic vulnerability through appropriate domestic policies.

These are the main conclusions reached by the World Bank in its analysis of current economic trends which form the first chapter of its annual World Development Report published today.

Short-term growth prospects are reasonable, it says, but the world is still confronted by large international payment imbalances and possible volatility in financial markets as a result of divergent policies in leading industrial countries.

"Without significant changes in these policies the present economic uncertainty may soon be followed by a worldwide recession," it warns.

It singles out three issues which need to be addressed if longer-term growth prospects of industrial and developing countries are to be improved:

● Continued effort by leading industrial countries to reduce external imbalances to a sustainable level. Newly industrialising economies with large surpluses, such as Taiwan and South Korea, should also accelerate efforts to refocus their economies towards domestic demand-led growth.

● Policy reform by developing countries to restructure their economies, which should be pursued "even if the international environment is unfavourable".

● Reduction in net resource transfers from developing countries to the rest of the world. Among measures which would help to this respect would be faster growth leading to higher exports and a search for new financial options that would allow debtor countries to take advantage of the discounts at which their debt trades in secondary markets.

If such policies were adopted, economic growth in industrial countries would run at 3 per cent between 1987 and 1995 and that in developing countries would be 5.6 per cent.

Living standards in developing countries as measured by per capita gross domestic product would rise at an annual rate of 3.6 per cent, double the sluggish growth of 1.8 per cent recorded between 1980 and 1987.

But with broadly unchanged policies, growth expectations would fall to 2.3 per cent in industrial nations and 4.2 per cent in developing countries. Tensions in financial markets would remain, with the attendant risk of rapid deterioration of the world economy into recession.

The report notes that poverty in developing countries is increasing. In some, such as Zambia, Bolivia, Nigeria and Venezuela, the severity of the economic slump this decade surpasses that of the great depression in industrial countries.

Even under the optimistic scenario, in which adjustment efforts are successfully undertaken in the world economy, sub-Saharan Africa "would recoup the losses of the past only very slowly".

But the outlook for developing countries depends critically on their own policies.

The World Bank cites several, including Botswana, China, Colombia, India, Indonesia, Thailand and Turkey which have adopted effective domestic policies even in a generally unfavourable international environment.

"In each of these countries a strong economic performance in recent years can be traced to sound policies - not just to special factors such as external aid or natural resource endowments."

Public sector growth highlights necessity for fiscal reform

THE RAPID growth of the public sector in developing countries in recent years highlights the need for a radical reappraisal of fiscal policy if the stage is to be set for a resumption of sustained economic growth, the World Bank argues.

Public sector spending has been on a long-term upward trend in developing countries since the war and now accounts for some 25 per cent of the gross national product, the bank says. Moreover, the high level of fiscal deficits in many such countries was a root cause of the debt crisis, because they could not be financed without recourse to excessive borrowing abroad.

Yet, while the public sector still plays a smaller role in developing country economies than it does in the industrial world, reform will not be easy. The tax base is narrower; developing countries spend less on transfer payments than industrial countries; governments in developing countries are often a key source of spending on investment in their economies and budgets often cannot easily be cut without apparently jeopardising future economic growth.

The immediate response of most indebted countries after the debt crisis struck in 1982 was to rein in budget deficits, but such fiscal stabilisation has tended to hamper structural adjustment, which is longer-term, inflicts visible damage on a few sectors of society and brings less obvious benefits to many.

Fiscal stabilisation must go hand-in-hand with structural adjustment, the bank says. For the middle-income indebted countries in particular, the challenge is "to continue shrinking fiscal deficits without further contracting domestic demand."

Surprisingly in view of the rhetoric that is now commonplace among economic policy makers, the report does not at this stage develop into a crusade in favour of the private sector. "What matters," it says, "is the quality of government more than its size as such."

Governments in developing countries should concentrate on defining and supporting those areas of the basic infrastructure where government plays a crucial role and in seeking ways of financing their expenditure that are equitable, avoid imposing excessive burdens on the very poor and carry the least possible economic cost.

In both areas mistakes have been frequent in the past, it says. For example, too many resources have been directed towards inefficient state-owned enterprises without adequate central budget control. Developing countries have tended to concentrate their revenue-raising efforts too much on taxing prodnction and exports. Too little effort has been made to introduce taxes on consumption.

"Too much is being spent to the wrong areas, and too little is being left for the critical tasks that only governments can perform. Misallocation is occurring both within and between capital and current spending," it says.

Primary education and preventative health care are both areas where governments have to be involved.

Many developing country governments are involved in activities like industrial production or marketing of agricultural products which are better left to the private sector. The report also singles out bus services and housing construction.

Few governments observe this kind of priority, it says, but Calcutta's 2,200 privately-owned buses have been able to survive financially without subsidy and with high fleet availability.

Most developing country tax systems could be restructured to increase yield, reduce distortions and minimise the burdens on the poor, the bank says.

Value-added taxes and simply-structured income taxes can raise substantial revenue with fewer distortions than import, turnover or excise taxes. Tax reform in developing countries should concentrate on expanding the tax base by limiting exemptions and improving administration.

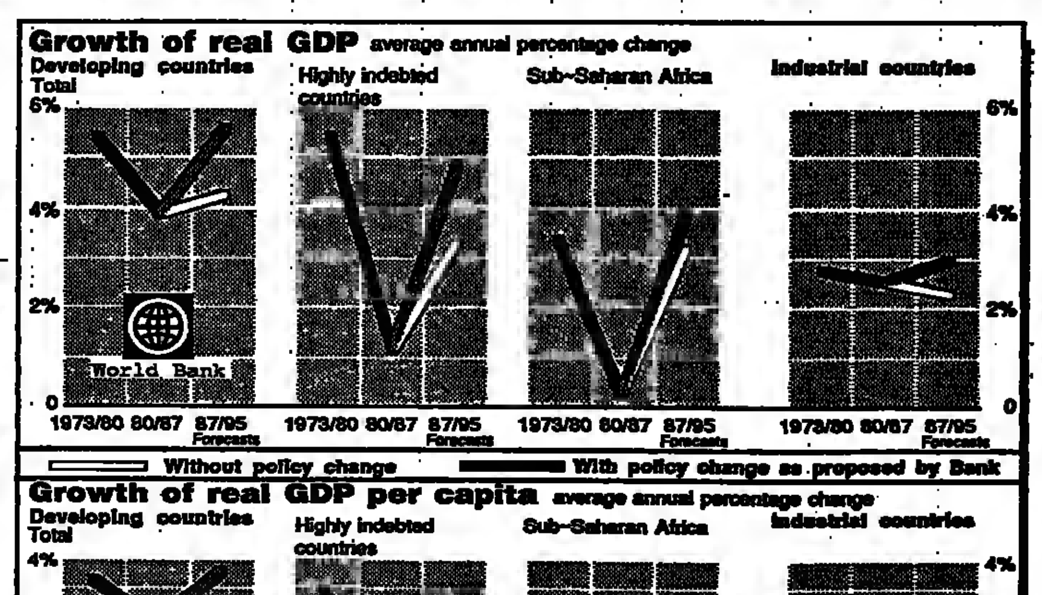
In particular the bank rails against the mistake of relying too heavily on tax revenues from commodity production which, it says, encourages excessive spending during periods when commodity prices are high. Mexico, Trinidad and Tobago, and Venezuela began major public investments in large steel plants in the 1970s, not long before the prolonged glut on world markets. This approach made adjustment all the harder after oil revenues, which had been used to finance such projects, began to fall.

"It may be better in many cases to allow private producers to retain more of the boom revenue, so that they can themselves save during good times to prepare for bad times," the bank says. The bank notes that out of 600 privetisation exercises completed worldwide since 1980, nearly 400 have occurred in the developing world and more than 160 in sub-Saharan Africa alone, but it has little to say about privatisation policy as a tool of fiscal reform.

State-owned enterprises in developing countries have been a major drain on public sector resources, it says. Governments should consider divestiture into private hands, but this can be politically daunting and the use of private sector management contracts and leases may be more viable intermediate steps.

Whatever the chosen route, private sector involvement should occur according to explicit criteria and without additional protection.

"Governments should ensure that private agents operate within a macroeconomically sound framework and without the distortionary pricing and subsidies that produced inefficiency in state-owned enterprises. The challenge calls for government commitment and adequate resources to support adjustment."



Cost of road repairs estimated at $45bn

DEVELOPING countries need to spend as much as $45bn to rebuild roads fallen into disrepair through lack of maintenance, the World Bank says.

A survey of road conditions in 85 countries with a main road network of 1.8m km revealed that a quarter of the paved roads and a third of the unpaved roads outside urban areas need to be rebuilt.

The potential cost is three to five times what it would have been if the roads had been properly maintained, the bank says, making this a good example of the failure of developing countries to allocate sufficient budgetary resources to operation and maintenance. Instead, too much money has gone on new projects.

Poor road conditions push up vehicle running costs, by up to 50 per cent on paved roads and sometimes by more than 100 per cent on unpaved roads, a hidden cost several times the cost of maintaining road infrastructure.

Co-ordination of aid-backed projects needs to improve

DEVELOPING COUNTRY governments should improve their own efforts to co-ordinate investment spending being financed in their economies by aid donors in the industrial world, the World Bank says in its Development Report.

Many developing countries rely on aid to finance investment programmes, which in parts of sub-Saharan Africa are borne exlusively by such assistance, but this creates several potential drawbacks.

Donors can complicate policy-making because they deal directly with individual spending ministries. This can lead to duplication of effort and impede central control of the host country's budget.

"In the extreme an investment programme may be no more than a list of projects that donors choose to fund, without any centralised consideration of the economic merits of each project or the balance between them," it says.

Donor representatives may also be under pressure from their own organisations to lend and disburse which may lead them to seek special treatment, for example through the separation of counterpart funds from the budget or exempting projects from the normal procedural checks.

Donor projects and financing should be incorporated into the central budget and donor projects should be subject to at least the same standards of central review as domestically financed ones. The willingness of donors to fund should not be the decisive factor in allocating resources to investment," it says.

A common requirement that aid be tied to the purchases of goods and services from the donor country, even if the cost is higher than it would be if contracts were put out to competitive bidding, can add to strains on the host country's budgetary resources.

This is because the borrower country has to provide matching capital funds from its own budget. The refusal of donor countries to pay for operation and maintenance can also add to pressures on recurrent spending, the bank says.

'The willingness of donors should not be the decisive factor in allocating resources'

The bank does not give any specific examples of countries where this type of problem has arisen, but it singles out Indonesia as a country where aid is well co-ordinated by central government.

The Planning Ministry co-ordinates the total size of the aid programme and major policy decisions, while donors work with individual spending ministries on detailed objectives and project design. Major donors and senior economic ministers also meet formally once a year.

"A spirit of co-operation pervades the process, primarily because all parties see the government as both responsible for co-ordinating aid and effective in carrying it out."

Mexico poll marked by accusations of fraud

By David Gardner in Mexico City

MEXICANS went to the polls yesterday to elect a new president, Congress and Senate, in the most fiercely contested election in half a century.

The polling has been overshadowed by ballot fraud accusations against the ruling Institutional Revolutionary Party (PRI) and the weekend murder of two senior aides to opposition leader Mr Cuauhtemoc Cárdenas.

Though the regime's 71-year monopoly of power and its resort in recent years to ballot-rigging have led to huge abstention, the unprecedented vigour of the opposition's challenge is expected to draw a high turnout from 38m eligible voters at a record 55,000 polling stations.

As unusually long queues formed outside voting booths in Mexico City yesterday morning, accusations of irregularities rained in from opposition strongholds across the country.

In Michoacan, where Mr Cárdenas is expected to win heavily, the left-wing nationalist leader – attending the funeral of his murdered assistant, Mr Xavier Ovando – showed reporters 84 ballot slips already circulating on Tuesday, and said his coalition would seek to annul the elections if such manoeuvres proved widespread.

In another Cárdenas stronghold, the northern La Laguna area of collective farms set up in the 1930s by his father, the revered President Lazaro Cárdenas, the centre-left daily La Jornada reports that PRI-controlled electoral authorities switched 80 polling station officials and 60 scrutineers at the last minute.

The same newspaper reported that 3,000 ballot papers for elections in Guanajuato state – where the right wing National Action Party is expected to win – were found in an Education Ministry printing company yesterday, five days after they should have been handed over in the election authorities.

The Government and PRI candidate Mr Carlos Salinas de Gortari have promised clean elections with clear preliminary results by early today. But assuming the regime intends to fulfill this pledge, there is ample scope for chicanery outside central government control.

Regional PRI chieftains, who have traditionally manufactured near unanimous votes to demonstrate control and loyalty to central government, operate under a different logic to Mr Salinas's need for a credible outcome.

Dukakis in final stage of choosing a running mate

BY STEWART FLEMING IN WASHINGTON

GOVERNOR Michael Dukakis, the certain Democratic Party nominee for president, appears to be moving into the final phase of selecting his vice-presidential running mate.

After meeting in Boston on Tuesday with Representative Richard Gephardt of Missouri and Senator Albert Gore of Tennessee – two rivals for the presidential nomination who had harsh things to say about the Governor during the primary election campaign early this year – Mr Dukakis was yesterday scheduled to talk again with Representative Lee Hamilton of Indiana.

On Monday he dined with Reverend Jesse Jackson, who said after the meeting his impression was that the Governor had not made a decision on a running mate and that he himself was still under consideration.

Most political analysts believe that Mr Dukakis will not select Mr Jackson. A poll of delegates to the Democratic convention published by the New York Times yesterday shows that many of them believe Mr Dukakis will lose the election if Mr Jackson is on the ticket.

Mr Dukakis is scheduled to make a trip to the south and west this week, where he is expected to meet another potential vice presidential candidate, Senator Lloyd Bentsen of Texas.

The choice of a running mate will have an important impact on Mr Dukakis's strategy. Many Democrats are advising him to select an individual who will help him compete strongly in the south – such as Senators Bentsen or Gore.

Mr Gephardt, who said after his meeting with the governor that he would accept the vice presidential nomination if it were offered, is also seen as a candidate with an appeal to southern blue-collar workers. Supporters of Senator John Glenn of Ohio also maintain that the former astronaut's status as a national hero with a reputation for being a strong defender of the military will make him an acceptable candidate in key southern states.

Vice-President George Bush, in an interview in the Washington Post yesterday, said that he was looking for a running mate who "would be supportive and not be out there shooting at the President's agenda."

Mr Bush, in another shift designed to differentiate himself from Mr Reagan, joined Mr Dukakis in giving a high priority in US-Soviet relations to conventional arms control.

Mr Bush said that he was pessimistic about a quick resolution in the strategic arms talks with Moscow adding that he would "goose up the attention" to negotiations aimed at reducing conventional forces.

Nader launches attack on Lloyd's insurance market

BY STEWART FLEMING

MR RALPH NADER, the US consumer advocate, yesterday launched a savage attack on Lloyd's of London, the British insurance market, and called for legislation to force it to disclose more about the way it conducts its extensive US business.

Mr Nader's influence in Washington is not what it was when he made his reputation in the 1960s and 1970s. There is, however, a strong vein of resentment in the US towards foreign concerns which are perceived to be taking advantage of the openness of the US market.

On the other hand, the insurance industry itself is not under the severe public pressure it faced earlier in the decade as premium rates were raised sharply.

Mr Nader's criticisms follow moves by several state Attorney Generals to bring anti-trust suits against Lloyd's, alleging that it and other insurers and reinsurers used their market power to create severe restrictions in the availability and affordability of insurance coverage in the US.

Releasing a report on Lloyd's by tha Centre for Study of Responsive Law in Washington, Mr Nader accused Lloyd's of participating in a conspiracy to limit insurance coverage and raise premiums in the American market.

Describing Lloyd's as a "foreign, unregulated, secretive, powerful lever on who gets insurance and at what price in the US," Mr Nader accused Lloyd's of forcing up premiums in the US partly in order to cover losses it suffered because of scandals that hit the concern from the late 1970s.

Shultz aims to ease Far East trade tensions

BY LIONEL BARBER IN WASHINGTON

THE US Secretary of State, Mr George Shultz, opened a 14-day tour of the Far East yesterday intended to smooth over trade tensions which have created a burst of anti-Americanism in several of the Pacific region countries with fast-growing economies.

Mr Shultz is also preparing a speech rebutting reports of US economic decline and stressing that Washington intends to be an "integral part" of the region's development well into the next century, which he is expected to label "the Pacific century".

While trade disputes are expected to figure high on the agenda of his hosts in South Korea, the Phillipines, Hong Kong and Japan, Mr Shultz will also visit China where he is expected to press Peking to scale back missile and other arms sales to tha Middle East.

Mr Shultz will also encourage efforts to reach a negotiated settlement to the nine-year-old war in Kampuchea and the Vietnamese occupation of the country. China has recently softened its support for Pol Pot and his Khmer Rouge guerrillas and the prospect of his return to power in Kampuchea was a big obstacle in peace.

Some cynics in Washington have suggested that, as a secretary of state in a lame-duck administration, there is little of substance Mr Shultz can achieve during his visit. But US officials said this week that Mr Shultz was concerned about recent outbreaks of anti-Americanism in South Korea and the Phillipines, both of which he has helped to shepherd towards democracy during his six years as secretary of state.

Shultz: visit includes China

The Administration is united on the need to reduce the more than $80bn trade imbalance with Japan and other Pacific rim countries, but one official said that the State Department was unenthusiastic about the abrasive approach by the Commerce Department and the US Treasury to cajole the Four Tigers – South Korea, Taiwan, Singapore, and Hong Kong – into opening up its markets.

Another official said that Mr Shultz disagreed with the Treasury's emphasis on pushing for a re-evaluation of exchange rates and with the "lumping together" of the free trading countries of Hong Kong and Singapore with South Korea and Taiwan.

This year, the US removed the four countries from a list of developing countries whose exports receive preferential tariff treatment. The move takes effect next January and would revoke the right to export some $10bn of products a year duty-free.

In a speech on the eve of the Toronto economic summit, Mr Noboru Takeshita, the Japanese Prime Minister, warned the US not to push too hard on trade disputes because it could generate a backlash of "misguided nationalism" in Japan.

During his trip, Mr Shultz will discuss the dispute over arrangements for the Clarke Air and Subic Bay Navy bases in the Phillipines. The host country wants Washington to pay between $2bn and $3bn for using the bases, which the US does not believe is realistic."

More serious is the domestic political pressure in the Phillipines for the US to declare whether its ships are carrying nuclear weapons. Denmark made a similar request but subsequently retreated. "This is a very serious matter," said a US official, "because it had grave implications for our global policy".

However, the official predicted that the issue would not be resolved during Mr Shultz's tour.

US drugs line upsets Caribbean

BY CANUTE JAMES IN ST JOHN'S, ANTIGUA

THE HEADS of government of the Caribbean Economic Community (Caricom) are to protest to tha US Government over attempts to take legal action on drug charges against regional leaders and politicians.

At their summit in Antigua, the community's leaders said they were uncomfortable with the implications of the US Government's attitude to "extra territorial jurisdiction" in dealing with allegations of involvement in drugs.

"The heads condemned trafficking in drugs, but they determined that the matter of the US Justice Department wishing to have its writ to run in sovereign countries outside of its territory is a matter of deep concern to Caribbean governments," said Mr Lester Bird, deputy Prime Minister of Antigua and summit spokesman.

The 13 community leaders are to send a letter to President Ronald Reagan expressing concern over what they regard as attempts by the US Justice Department to interfere in the legal processes of some community members.

The summit had started discussing recent developments in Central America – particularly Panama, Mr Bird said, and this led the leaders to raise the question of territorial jurisdiction. Gen Antonio Noriega, chief of Panama's military forces, has been indicted by a US jury over allegations of involvement in drugs.

Within the Caribbean Community, the heads were reported to be more than a little concerned about what they saw as increasing attempts by the US Justice Department and US politicians in bring charges against regional leaders.

Attempts are being made to indict Sir Lynden Pindling, Prime Minister of the Bahamas, one of the members of the community. Mr Bird said Sir Lynden's case was discussed extensively by the summit. Col Jean-Claude Paul, a controversial military figure in Haiti, which has observer status in the Caribbean Community, has also been indicted for alleged involvement in drugs.

A convicted American drug smuggler told a US Senate subcommittee earlier this year that Mr Edward Seaga, the Prime Minister of Jamaica, was a beneficiary of money from drug smuggling. All three have denied the charges. Mr Bird said the letter to be sent to President Reagan will "express what we see as a derogation from the rule of law within our own territories. "The community opposes a breach of the rule of law of its members, and the situation in which the United States Government may not adhere to the domestic considerations of sovereign governments."

Argentina seeks tighter public purchasing control

BY GARY MEAD IN BUENOS AIRES

MR Juan Sourouille, Argentina's Economy Minister, has announced decrees on public sector purchasing from private companies in an attempt to promote President Raul Alfonsin's aim of restructuring the national economy and improve its sluggish performance.

The modifications are aimed both at extending control over state spending in the private sector, and encouraging more efficient private sector competition for state business. The most politically sensitive changes concern new rules for purchase of imported goods.

Henceforth, if a public sector enterprise wishes to buy imported goods it must indicate this to a state-appointed commission which will consider the request and adjudicate in 10 days.

If a domestic manufacturer wishes in compete for the tender it must establish that it can provide equally appropriate products within the required period and at a cheaper price.

As a guarantee of its intent it must also place a deposit of 10 per cent of the estimated value of the imported goods with the National Bank. If no domestic suppliers put in a bid for the contract, then import duties for the required product may be lowered to 25 per cent.

This measure is certain to meet with domestic opposition on two fronts. On one hand local economists point out that import duties are at the moment still more than 50 per cent, thus making entry into the Argentine market difficult. On the other the Peronist opposition and domestic manufacturers are likely to see it as an erosion of local industrial security.

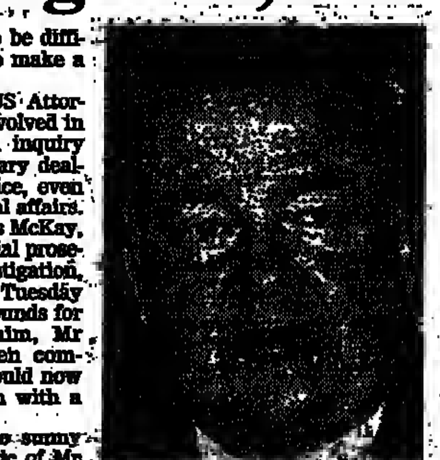
Lionel Barber on the US Attorney General's exit

Meese, last of the Reagan old guard, bows out

IT WAS always going to be difficult for Mr Ed Meese to make a dignified exit.

For 13 months, the US Attorney General has been involved in a wide-ranging criminal inquiry into his personal monetary dealings, his conduct in office, even his wife Ursula's financial affairs.

And so when Mr James McKay, the court-appointed special prosecutor leading the investigation, finally filed a report on Tuesday saying there were no grounds for legal action against him, Mr Meese said he had been completely vindicated and could now leave the Administration with a clear name.



Meese: Doing the right thing

This has traces of the sunny optimism so characteristic of Mr Meese's old friend, President Ronald Reagan, who he served as legal adviser and chief of staff when Mr Reagan was governor of California 20 years ago. The Attorney General has not even read Mr McKay's still-secret report which runs to some 800 pages, more than enough to chronicle a history of bad judgement, misplaced loyalty, and an insensitivity to ethical impropriety.

His resignation, to take effect at the beginning of August, forestalls an internal Justice Department inquiry into his conduct, but it is by no means the end of the affair. The Senate Judiciary Committee plans to hear testimony later this month from two senior US Justice Department officials – one of whom was in charge of the criminal division, the other Mr Meese's deputy – about why they, along with six aides, resigned their posts late last May. The first official, Mr William Weld, will be asked why he told Mr Meese that he reckoned there was a case for indictment against the Attorney General.

More positively for the Republican party, Mr Meese's departure removes an embarrassing public figure from the political stage before the national convention in mid-August which will officially anoint Vice President George Bush as the party's candidate for President. While Mr Bush has refused to criticise Mr Meese in public, his statement on Tuesday night said it all: "Ed did the right thing and I wish him well."

The general criticism of Mr Meese is that he stood as a symbol of the ethical improprieties of the Reagan Administration which has seen dozens of officials leave office under a cloud, the so-called "sleaze factor."

More specifically, it is alleged that he lobbied on behalf of several private ventures in which his lawyer and close friend Mr E. Robert Wallach had a personal financial stake. These included an Iraqi $1bn pipeline project and a New York City defence contractor, the Wedtech Corporation, which has been accused of bribing public officials in exchange for their assistance.

Other questionable activities included Mr Meese's meetings with Regional Bell Telephone Companies and his favourable decision on their behalf at a time when he owned $14,000 of phone industry shares. His wife also came under scrutiny when it was revealed that a Washington real estate arranged a $40,000 a year salary for her before the company was awarded a $50m lease on Justice Department offices.

Mr Meese says the stream of revelations about his connection with Mr Wallach and his personal financial affairs were part of a liberal witchhunt to hound him out of office. This argument has some merit. He was, after all, a much easier target than the ever-popular Mr Reagan. His campaign against pornography, drugs and abortion enjoy wide support among Americans - but less so in Washington where most of his critics gathered.

In part, this was a legacy of his lengthy Senate confirmation process as attorney general, which was held up for a year while his financial affairs were the subject of an earlier special prosecutor investigation. When in 1985 he was finally cleared, Mr Meese set out to push his conservative agenda with a vengeance, declaring that the Supreme Court's rulings were not the law of the land, attacking the Miranda ruling requiring police to inform suspects of their rights and pushing conservatives into Federal judgeships.

That his campaign soon foundered was largely his own fault; he became so enmeshed in investigations of his own conduct that his political effectiveness was reduced to a minimum.

Last year, he was heavily censured for his initial inquiry into the Iran-Contra scandal. After his initial discovery of the illicit diversion of funds from US arms sales to Iran to the Nicaraguan rebels, he stopped taking notes and failed to take steps to prevent the "shredding party" presided over by Lt Col Oliver North. Later, he suffered further embarrassment when the Senate rejected a conservative appointee to the Supreme Court, Judge Robert Bork.

More than anyone else, Mr Meese represented the old guard from California, the men like Michael Deaver and Lyn Nofziger who swept into town in 1980 and ended up being swept out by scandal.

It was appropriate that Ed Meese chose Sacramento - where he had just surveyed a raid on a nearby marijuana plantation - to announce his resignation. It was there that he first served Ronald Reagan and throughout his difficulties he remained a close friend of Ronald and Nancy Reagan. Speaking to reporters on the White House lawn, the President described him as "a good friend and a darned good attorney general".

In the end, the question comes down to Mr Meese's confusion of the personal and public good. It was significant that last month, when he sacked his widely respected chief spokesman Mr Terry Eastland from the Justice Department for not defending him properly, even the conservatives turned against him. From that point on, it was only a question of when he was prepared to take the fall.

UK NEWS

Productivity growth faster than any time since war

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

Productivity increases in UK manufacturing companies has been sufficient over the last two years to allow them to absorb earnings increases of between 8 and 9 per cent with no loss of international competitiveness.

This turnround in the competitiveness of UK industry was emphasised yesterday in a National Economic Development Council paper which concentrated in particular on the relative position of West Germany and British industry.

If the present trend countinned, it said, "devaluations of sterling against the D-Mark to keep the UK's industry competitive will cease to be necessary. As with Japan in the past, our manufacturing exports can remain competitive without a continual need to devalue if our productivity also advances more rapidly."

According to the NEDC study, the growth in productivity, which has averaged 4.6 per cent a year since 1979, has been faster in the current upswing than at any time since the Second World War.

In the late 1960s and early 1970s, productivity grew by 4 per cent a year, but this fell back to 1 per cent between 1973 and 1979.

Representatives of Government, the employers and the trades unions broadly welcomed the conclusions at yesterday's council meeting as evidence of a significant change in the UK economic environment.

But the unions expressed reservations about job losses that had contributed to the productivity upswing, while employers and the Government questioned the high rate of earnings increases.

The importance of productivity growth was also underscored in a Department of Trade and Industry paper on inward investment presented to the council yesterday.

Investors were attracted most effectively, it said, by a successful economy, and this has been demonstrated by "a record of productivity growth better than that of any major competitor."

The DTI report showed that in 1985 foreign-owned companies in Britain accounted for 14 per cent of the country's jobs, 19 per cent of net output and 22 per cent of fixed capital expenditure.

Cause of markets crash 'still not known'

By Richard Waters

NINE MONTHS and much soul-searching after October's stock market crash, there is still no agreement on what caused the near catastrophe in financial markets or how it can be prevented from occurring again.

This was the message from speakers yesterday at a Financial Times conference in London entitled Black Monday – Nine Months After.

"It is clear that in the future there will be other crashes, but there will not be another one this century," said Mr John Hennessy, chairman and chief executive of Crédit Suisse First Boston and conference chairman.

This was because a new generation of investors had "learnt the hard way." Also, big institutions discovered that hedging techniques, such as portfolio insurance, exaggerated the crash, rather than protecting them from market volatility.

Despite this, regulatory changes were needed. Mr Hennessy attacked a proposal from the US Presidential Task Force, set up to investigate the crash, that markets should be closed when prices fall below a certain level.

This proposal comes "from people who haven't been too close in recent weeks or years to a trading floor," he said. By encouraging traders to sell before the market closed, such "circuit-breakers" would be self-fulfilling.

The crash had highlighted a range of problems for regulators, said Sir George Blunden, deputy governor of the Bank of England.

It had demonstrated the close connections between banks and securities firms, pointing up the need for regulators to agree their areas of responsibility and to co-operate more fully.

It had also given added impetus to the international harmonisation of securities regulation.

Privatised electricity grid wins struggle for independence

BY MAX WILKINSON AND MAURICE SAMUELSON

MR DAVID JEFFERIES, who is to be chairman of the privatised national electricity grid company has won his battle for independence from the 12 area electricity boards.

Under the Government's privatisation plans for the industry, the the grid company will be jointly owned by the 12 area boards, which will be sold separately. However, the area board chairmen have been arguing that they must also have detailed control over the grid company through a management committee.

Mr Jefferies, the present deputy chairman of the Electricity Council, who was chosen by the Government last month to be chairman of the grid company, has argued strongly against this view. He has told the government that he must be left to run the company as he sees fit, and that the area boards should have only the normal rights of shareholders to attend annual or special meetings.

The Government has decided to back Mr Jefferies, on the grounds that the new grid company must be seen to be independent of regional pressures.

The grid company is widely seen as the most important part of the privatised structure, which will include two largegenerating companies and perhaps several small independent power suppliers as well as the 12 area distribution companies.

The grid company will be obliged by law to give access to the transmission lines to any independent company at reasonable prices. These will be supervised by a regulatory body. The company will also have responsibility for ensuring that power stations are operated in the most economic order of priority throughought the country, irrespective of who owns them. The decision in principle to back Mr Jefferies now opens the way for the Government to confirm officially the detailed split of power station assets between the two new private generating companies to be created.

The Government will also announce that Birmingham has been chosen as the national headquarters form the smaller of the generating companies to be carved from the Central Electricity Generating Board.

The larger company, whose chairman will be Lord Marshall, the present CEGB chairman, will be based in London.

June new car sales rise by 9%

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

THE prolonged boom in UK new car sales was sustained last month with a jump in new car registrations of 9.19 per cent, the highest June total since 1979.

New car sales are set to climb to a record level for the third successive year in 1988. In the first six months, new car registrations rose by 10.18 per cent to 1,104,854 units from 1,002,742 a year ago.

In June alone new car registrations reached 168,731, compared with 154,526 in June last year.

Ford, the UK market leader, is still failing to make up much of the ground it lost in the early months of the year after the two-week strike in February, which closed all its UK plants.

Its sales volume in the first half of the year rose by only 2.36 per cent compared with the jump of more than 10 per cent in the total market, while its share of the market dropped to 26.94 per cent from 29 per cent in the first half of 1987.

Ford's performance in June was little better, with a slide in its market share to 24.99 per cent compared with 28.76 per cent in the same month last year, and a drop of 5 per cent in its sales volume.

For the first time since last August, Ford also failed in June to take the first three places in the league of top 10 best sellers with the Austin Rover Metro edging the Ford Fiesta out of third place. For the first six months, however, the Ford Escort, Sierra and Fiesta were still the clear market leaders.

Austin Rover has continued to lose ground in the first six months with a fall in its market share to 14.84 per cent from 15.48 a year ago. The state-owned carmaker's future ownership still hangs in the balance, as uncertainty grows over the prospects of the terms of the British Aerospace bid being approved in an acceptable way by the European Commission.

Rover has increased the volume of its sales, however, by 5.63 per cent, albeit at only half the general rate of increase in the car market, and in June alone its position strengthened a little with an increase in its market share to 15.2 per cent from 14.97 per cent a year ago.

Vauxhall, the General Motors subsidiary, has enjoyed a strong first half with sales outpacing the market with a jump of 15.7 per cent to 159,524 units. At the end of the six months its market share was only marginally behind the second-placed Austin Rover at 14.44 per cent.

The big winners in the first half of the year have been Nissan of Japan and France's Peugeot group which includes Citröen.

Nissan, supported by growing production from its Sunderland assembly plant in north east England, achieved a 26.4 per cent jump in its sales volume and succeeded in overtaking the Volkswagen group of West Germany to capture the fifth place in the UK new car sales league.

Citröen is the fastest growing marque in the UK market and enjoyed a 59.9 per cent increase in its sales volume in the first half, selling almost as many cars in six months as it did in the whole of 1986.

UK CAR REGISTRATIONS

	June				Year to date			
	1988	%	1987	%	1988	%	1987	%
Total market	168,731	100.00	154,526	100.00	1,104,854	100.00	1,002,742	100.00
UK produced	73,183	43.37	73,678	47.68	497,849	45.06	500,798	49.94
Imports	95,548	[illegible]	80,848	52.32	607,005	54.94	501,944	50.06
Ford	42,172	24.99	44,435	28.76	297,678	26.94	290,802	29.00
Rover Group	26,012	15.42	23,454	15.18	166,668	15.09	157,638	15.72
Vauxhall/Opel	24,417	14.47	17,580	11.38	159,524	14.44	137,873	13.75
Peugeot/Citroen	14,350	8.50	10,121	6.55	91,944	8.33	67,763	6.76
Audi/VW/Seat	9,879	5.86	9,269	5.99	62,103	5.62	61,530	6.13
Nissan	12,089	7.16	12,183	7.88	63,598	5.76	50,329	5.02
Renault	8,395	4.98	7,230	4.68	45,473	4.12	41,140	4.10
Volvo	4,760	2.82	4,789	3.10	40,579	3.67	36,518	3.64
Fiat/Alfa/Lancia	7,677	4.55	6,324	4.09	42,099	3.81	36,351	3.63

Source: Society of Motor Manufacturers and Traders

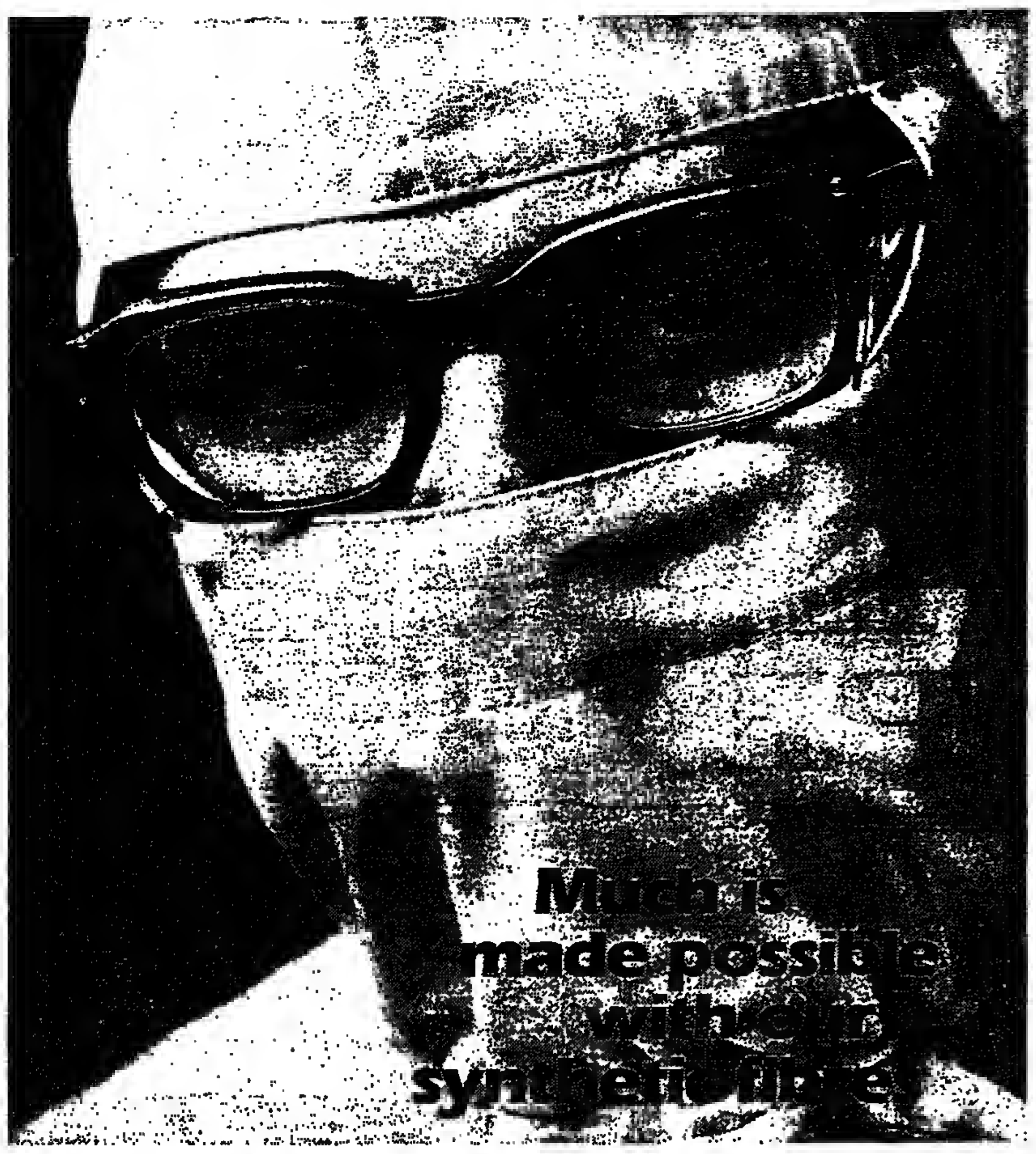
Pirate radio operators face crackdown

By Raymond Snoddy

The Government is planning a crackdown on pirate radio with investment in new detection equipment and more staff for the Radio Investigation Service.

Mr Douglas Hurd, Home Secretary, told a Radio Academy Conference in London yesterday that he was also considering the possibility that those convicted of unsuthorised broadcasting should be automatically disqualifed for a period, from getting a new community radio licence.

This year up to the end of May the RIS mounted 161 raids and on Monday fines totally nearly £14,000 were imposed on those accused of aiding and abetting the unauthorised broadcasts of London Greek Radio.



UK NEWS

France 'sets example for UK housing policies'

By Andrew Taylor

BRITAIN should follow the example of France and create independent housing agencies which would be publicly financed but free from political controls and provide low cost rented housing for the poor says a report by the Policy Studies Institute.

The report warned that Britain was splitting into two nations with the majority owning decent homes and poorer people in deteriorating council housing.

It said the French system of *Habitations à Loyer Modéré* (housing at moderate rents) permitted housing agencies to operate free from local political and bureaucratic controls while keeping close relationships with councils and other local interests.

Housing associations provided the nearest British equivalent of *Habitations à Loyer Modéré* in that they were independent and had until now received almost all their funds from public sector grants.

Under the Housing Bill, which recently completed its report stage in the House of Commons, housing associations are expected to play an increasingly prominent role in providing rented housing. They will be expected, however, to raise an increasing proportion of their funds from private investors.

The institute's report by Mr Peter Willmott, a senior fellow at the Policy Studies Institute and Mr Alan Mrie senior lecturer at Bristol University's school of advanced urban studies said Government proposals were unlikely to overcome the distrust of potential private landlords and would not create a larger, healthier and more balanced social housing sectors.

It welcomed the move away from big council estates towards a more diverse rented housing sector, but said the Government should investigate the French idea of publicly funded housing agencies which would act at arms length and be responsive to local demands.

"Everyone agrees that the present arrangements are unfair. They encourage people to buy their own home, pushing up house prices and hitting less well-off people who are forced into renting without the benefit of mortgage tax relief," Mr Willmott said yesterday.

US visitors rise by 13% despite dollar worries

BY DAVID CHURCHILL

NORTH AMERICANS are still coming to the UK in strength in spite of fears that fewer tourists would come this year because of the weak dollar and the traditional reluctance to travel abroad during an election year.

Figures from the Department of Employment published yesterday show that the number of visitors from North America in April was some 20 per cent higher at 230,000, than in the same month last year.

Over the first four months of the year the number of North American visitors increased by 13 per cent over the first third of 1987.

The strength of tourism from North America has come as a surprise to the UK's tourism industry because recent reports from hoteliers and restaurateurs in London and other tourist centres had suggested that the numbers were falling.

Central London luxury hotels in particular are understood to be experiencing a shortfall in US visitors by as much as 25 per cent in comparison with the same period last year.

The tourist trade also fears that the heightening of tension in the Gulf may deter others from coming to the UK and continental Europe.

One reason for buoyancy in the number of tourists from North America, according to tourism officials yesterday, was that these visitors were "trading down" because of the weak dollar. This meant that they were staying in budget hotel accommodation and were less likely to eat at expensive restaurants and visit top London shows.

Confirmation of the strong growth in North American tourists came yesterday from British Airways' Leisure Division, which is the largest inbound tour operator to the UK.

In June it was responsible for bringing some 33 per cent more US tourists to the UK than in the same month last year. Over the April to June quarter it also brought 51 per cent more visitors than in the same quarter last year.

Mr Mike Beaumont, managing director of the BA Leisure division, said yesterday that "this disproved the belief that a weak dollar would deter tourists."

He suggested that Americans were becoming more sophisticated about travel to the UK and were moving away from traditional tourist locations and expensive hotels towards exploring other parts of the UK.

UK residents in April made some 4 per cent more trips abroad.

Credit industry urged to face problems of consumer debt

BY DAVID CHURCHILL

SIR GORDON BORRIE, director-general of fair trading, yesterday strongly urged banks, finance companies, and other providers of credit to tackle the growing problems faced by consumers who take on too many debt commitments.

He said yesterday, in the Office of Fair Trading's annual report: "I am looking for a dramatic increase in the commitment of the finance industry.

"The finance industry has a heavy responsibility, backed up by self-interest, to seek ways of educating consumers in the basics of credit and to provide funding for the rescue services."

Sir Gordon's comments follow an unpublished OFT sample survey which found that more than 2m adults felt they were over-committed in their borrowing.

About 3m adults said they had experienced difficulties in keeping up debt repayments during the past five years.

Consumers last year increased their outstanding debt by 18 per cent, collectively owing £36.4bn to building societies, finance companies and credit card operators.

Sir Gordon said that part of the problem was the speed at which society had moved from viewing credit as shameful to seeing credit as useful and acceptable.

"The plain fact is that the habit acquired in the days of rampant inflation of borrowing almost without any self-imposed limit has taken hold of the community at a time when the costs and risks are much greater.

"The unexpected – for example in the form of unemployment, sickness or even a large fuel bill – can quickly knock a stretched budget completely off balance and lead into the downward spiral of multiple debt," he said.

Sir Gordon suggested several measures that could be taken to help control the problem. "I am looking for a greater participation by banks and others in the work of credit reference agencies," he said.

He said it was only right that, before offering credit facilities, a lender should be satisfied about the borrower's present and future ability to repay.

Sir Gordon made it clear that he wants major credit lenders to provide financial and other help to money advice centres and Citizens Advice Bureaux.

"What appears to be needed is a massive general effort to bring home to potential borrowers a better understanding of the best ways to choose and use credit while remaining alert to its dangers," he said.

He quoted the recent case of a Glasgow money-lender charging an interest rate of 30 per cent a week, equivalent to an annual rate of about 14m per cent.

"It is in all our interests to see that credit is used wisely and prudently," he concluded. "Otherwise our credit society could easily go sour on us, with repercussions for the country's industry and commerce which would not be to our benefit."

The OFT annual report also reveals that Sir Gordon advised the Trade and Industry Secretary about a record number of 321 mergers last year.

In the same period six of these were referred to the Monopolies and Mergers Commission on Sir Gordon's recommendation, fewer than in 1986.

Annual Report of the Director General of Fair Trading 1987; HMSO; £7.10.

UK NEWS

Two state industries are in much better financial shape: **Philip Coggan** and **Lynton McLain** look at the improved prospects for steel and rail

'Sunset' sector must warm investors

SIR ROBERT SCHOLEY, British Steel's chairman, fended off any questions yesterday about privatising the group but, barring stock market accidents, flotation looks set for November.

With last year's profits announced, it is possible for market analysts to start making some guesstimates about the likely size and structure of the issue.

The one thing upon which all seem to agree is that the Government will not try to push its luck too far on the price. British Steel will be the first privatisation since the October stock market crash and the accompanying debacle of the BP issue. Another failure could jeopardise the rest of the Government's still lengthy privatisation programme.

Small private investors - immortalised as 'Sid' in the advertising campaign for the British Gas issue - are not expected to be the primary target for British Steel's marketing effort. The crash and the BP issue failure seem to have been a timely reminder for small investors that equity investment is not money for nothing; and British Steel does not have the kind of solid qualities which characterised the British Gas or British Telecom issues.

There has been plenty of advertising and publicity about British Steel's recovery from the massive losses in the early years of the Thatcher Government, but it is far from certain that investors have absorbed the message. There will still be plenty who will perceive steel as a highly cyclical, sunset industry.

That may not be a fair assessment, but it is one which the team of advisers - Barclays de Zoete Wedd and Phillips & Drew for the company, Samuel Montagu and Warburg Securities for the Government - will have to take into account. That implies a prospective rating at a discount to the market. Some analysts expect a price of around 7 times earnings.

To attract the institutions, the issue is also expected to offer a higher than average yield, perhaps between 6 and 7 per cent. May's flotation of ASW Holdings, the former Allied Steel and Wire, may prove to have been a good guide; it was priced on an historic p/e of just 9 and had a yield of 6.5 per cent.

Valuing the entire company depends significantly on how the Government treats British Steel's accumulated tax losses, currently of the order of £1.87bn. Last year, British Steel paid virtually no tax; had it been on a normal 35 per cent tax charge, profits would have been £272m.

There is also the question of the balance sheet. British Gas was saddled with a substantial amount of debt on flotation; British Steel, which has been through several capital reconstructions and still has vast accumulated losses, could in theory be given the same.

Of course, the more debt and the more tax British Steel has, the lower the value the market will place upon the company. So, although it is not quite a zero sum game, the Government and advisers will have to do their sums fairly carefully.

Analysts are guessing that the total market capitalisation for the group will be between £2bn and £2.5bn but such calculations could easily be upset in the coming months. By November, British Steel will have a good idea of the effect of the ending of European Community quotas on its market.

But a sum of that size would mean that British Steel might have to be sold in two tranches. And that may tempt the stags.

Sir Robert Scholey, chairman, and Mr Martin Llowarch, chief executive, after announcing British Steel's results yesterday

Passenger boom polishes rails

BRITISH RAIL has had its best financial results since it was formed by the nationalisation of the railways in 1948.

The results reflect the boom in the economy, an upsurge in passenger traffic, a cut in operating costs and higher productivity. Higher Government grants and a record sale of assets also contributed to the good figures.

Passenger traffic was the highest for 27 years at 20.6bn passenger miles, as BR benefited from the booming economy, Sir Robert Reid, the chairman said yesterday.

BR now faced the "problems of success with overcrowding on trains and patchy service quality", he said. The railways had to do better and quality criteria are to be applied to all services, as British Airways and Scandinavian Airlines had done, he said.

BR made a surplus of £290.9m after interest and substantial extraordinary items, for the year to the end of March, on total income of £3.38bn. The surplus compared with a loss of £82.6m for the previous financial year.

Extraordinary items accounted for over two thirds of the surplus and came mainly from the record sale of £185m of property and other assets by the board and a Government grant for restructuring. The surplus before the extraordinary items was £47.3m, compared with £2.4m surplus in the previous financial year.

The overall surplus was after receipt of a further £803.8m of Government grants for support of rail passenger services. Without the grant all British Rail passenger services would have made a total loss of £729.1m.

InterCity, the flagship cross-Britain passenger service, lost £86.2m on income of £732.8m, before a grant of £120m, the last grant BR will get for InterCity. BR expects InterCity to make profits in 1990.

The results were announced yesterday, the day after further talks between BR and the Government about options for future ownership of the railways. These include privatisation, something for which the Government has said it has no plans, although it is committed to considering all options.

Sir Robert Reid, the chairman of the British Railways Board, has put Mr Derek Fowler, one of the two BR vice-chairmen in charge of its talks with the transport department. The board is wary about predicting the outcome of the talks, amid some evidence of differing enthusiasms among board members for prospective change.

Mr Fowler said it was essential to know what the criteria were behind the notion of changing the future ownership of the railways. He said it could be just Government "theology" which was driving the debate.

"But whatever form this takes, regionalisation, or by rail sectors, or by the formation of an infrastructure authority, you still need a prospectus", Mr Fowler said.

Sir Robert said ownership was not the key, but he was glad to be starting to explore the issues without pressure. He said all options were being considered and wanted to know which would give the best result.

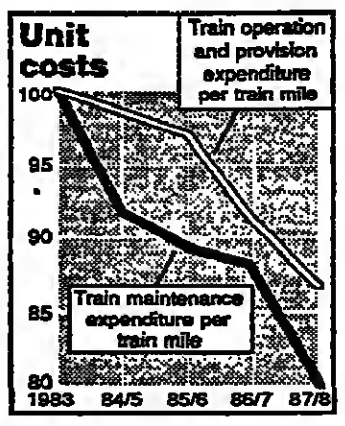
Mr Jimmy Knapp, the general secretary of National Union of Railwaymen, said after the results were published that amassing a record surplus from a deteriorating product and sale of property assets was a certain road to disaster.

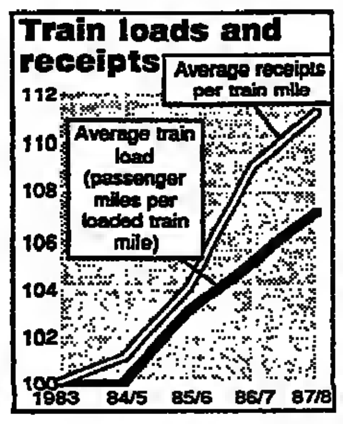
"The BR surplus has been gained at the expense of the travelling public who are still waiting for BR's modest quality of service objectives to be achieved.

"Overcrowding on many services is now at totally unacceptable levels and targets for cleaning and punctuality are still not being reached."

The number of railway workers fell by 6,500, 5 per cent of the workforce in the last financial year. Staff productivity in train miles per member of staff rose by 8 per cent and staff costs rose by 3.4 per cent to £2,034m, compared with the previous year.

BR said 90 per cent of its trains arrived within five minutes of scheduled time.





Computer records manipulated by Clowes, court told

BY RAYMOND HUGHES AND NICK BUNKER

EVIDENCE that Mr Peter Clowes manipulated the computer records of his Cheshire-based investment management company, Barlow Clowes Gilt Managers, has been uncovered by Whitehall inspectors, the High Court heard yesterday.

The court made an order for the compulsory winding-up of BCGM on an unopposed petition presented by the Securities and Investment Board.

Mr Philip Heslop, for the SIB, said: "The board is of the opinion that the company is wholly unfit to continue taking funds from the investing public."

BCGM was the UK arm of the Barlow Clowes financial empire which collapsed last month with liabilities of £190m owing to thousands of investors, many of them elderly people who had invested their life savings with Mr Clowes.

In a separate action in Gibraltar, court-appointed accountants are seeking to wind up Barlow Clowes International, another part of Mr Clowes's group.

Mr Clowes himself is currently remanded on £300,000 bail after being was arrested three weeks ago on a criminal charge of perverting the course of justice by destroying documents.

During a hearing lasting only 20 minutes in London yesterday, the High Court heard allegations from the SIB, the City of London's chief watchdog, that the return to BCGM's clients had been artificially run down so that clients received only about half of the real return on their investments.

BCGM's actions "probably amount to a misappropriation of money due to clients," the SIB said.

The SIB's petition, supported by evidence by Mr Jeremy Orme, director of its investment management and protection division, referred to falsification and manipulation of the company's computer records.

The programming of the computer, the SIB said, was "controlled and fully understood only by Mr Clowes and one or two other persons."

The DTI inspectors had found considerable evidence of manipulation of computer information by Mr Clowes, particularly by backdating entries.

The inspectors' view was that "Mr Clowes's ability to do this, and his overriding authority over the system, is highly undesirable," said Mr Orme's evidence.

Between £7m and £14m of clients' funds had been dealt with by a Geneva company controlled by a business associate of Mr Clowes.

Those funds had now been returned to London but accounts were not available. More than £2.5m of funds had been dealt with by an associated company in Jersey.

The petition also referred to monitoring returns made to the DTI which those controlling the company had known were "seriously inadequate"; to an "undesirable ambiguity" in relation to clients' rights; and to an unexplained injection of £380,000 into BCGM in December, 1986, that had enabled the company to make payments to clients who would otherwise have suffered a large loss.

Richard Waters writes: Department of Trade inspectors appointed last year to investigate James Ferguson Holdings, the parent of Barlow Clowes, have been granted powers to extend their investigation into share dealings in the company.

This will enable to them to examine a series of purchases of Ferguson shares at around the time of the stock market crash last year which were made by a number of Gibraltar-based trusts. These purchases are already under review by the Stock Exchange and the Barlow Clowes liquidators.

The inspectors have also been given wider powers by Lord Young, Secretary of State for Trade and Industry, to examine Barlow Clowes Gilt Managers, the UK end of the investment group. These powers will enable them "to investigate under oath, and to publish a report on their investigation if they think fit," said a DTI spokesman yesterday.

Call for BT and Mercury to carry television

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

RULES governing telecommunicationsin Britain should be changed to allow British Telecom and Mercury to carry television programmes.

The proposal came in a report on the optoelectronics industry in Britain from the Advisory Council on Science and Technology – the top scientific advisory body – which argued that the UK should adopt a number of stimulatory measures to avoid losing its strong world position in the technology.

As an immediate step, ACOST recommended that BT, Mercury and Hull City Council, the UK's three licenced telephone network operators, should be allowed to mount large-scale pilot projects demonstrating how enterntainment, conventional telephone traffic and data could be combined on a single, integrated fibre optic cable system.

This experiment should be a precursor, it added, to changes in the regulatory framework that would encourage widespread installation of optical fibres "in such a way as to stimulate the indigenous optoelectronics industry while maintaining a competitive environment."

Optoelectronics is concerned with the use of light in electronic systems.

It is a relatively new industry and has already led to the development of fibre optic cables and lasers.

Scientists see great scope for growth in diverse fields such as computer signalling and high definition television.

The use of the telecommunications industry as a stimulus for developments in optoelectronics has been recommended in the past.

The new report, however, will carry particularly strong weight because it has the backing of ACOST, which was established last year to advise the government on all aspects of science and technology.

Sir John Fairclough, the Government's chief scientist, has also thrown his weight behind the recommendations.

Two new babies on the way

Clive Cookson examines the launch of quicker and simpler to use pregnancy test kits

THE FAST growing UK market for home pregnancy tests is likely to be transformed this month by the introduction of two new kits. In these, testing is much quicker and simpler to perform than anything previously available.

Both can be carried out in five minutes and will give a clear result on the first day of a woman's missed period, with an accuracy level claimed to exceed 99 per cent.

Pregnancy tests are the most successful example so far of the way highly specific antibodies, known technically as monoclonal antibodies, are being used to produce home diagnostic kits. Each antibody fits into a specific site on its target molecule, the antigen, like a key into a lock.

According to the manufacturers, the UK market for homa pregnancy tests will be worth around £7m in 1988, and is growing at about 15 per cent a year. Worldwide sales are close to £100m a year.

The two new tests are: First Response, from Tambrands, the US company best known for Tampax tampons; and Clearblue One Step, from Unilever, the giant Anglo-Dutch consumer products group. Both companies have identified home diagnostics as a priority area for future corporate growth and Unilever has set up a subsidiary called Unipath in Bedford, England, to concentrate on this market.

All home pregnancy tests are based on the detection by antibodies of the hormone human chorionic gonadotrophin (HCG) in a urine sample. A pregnant woman starts to produce HCG as soon as the fertilised egg implants in her womb – usually about a week after fertilisation and a week before her next period is due. The amount of HCG then increases rapidly, doubling every two days until it reaches a peak after two or three months.

The first home pregnancy test launched in the UK in 1971 used non-specific "polyclonal" antibodies raised by injecting HCG into sheep. However, these antibodies also react with the hormone known as luteinising hormone (LH), which has a similar chemical structure to HCG and stimulates ovulation in non-pregnant women, so the test was not very sensitive and it could not give a clear result until a pregnant woman had high levels of HCG in her blood, at least two weeks after a missed period.

Then in 1975 César Milstein and Georges Kohler of the Medical Research Council's Molecular Biology Laboratory in Cambridge discovered how to make monoclonal antibodies in cultures of animal cells.

The discovery won Milstein and Kohler scientific glory in the form of a Nobel prize and it has turned out to have immense commercial significance. (Total world sales of products based on monoclonal antibodies run into hundreds of millions of pounds a year, though the inventors receive no royalties because they and the Medical Research Council failed to patent the discovery.)

The prodnctioo of monoclonal antibodies starts by injecting a mouse with antigen. Antibody-producing cells from the mouse's spleen are then fused with cells from a myeloma (a type of cancer) to make new hybrid cells, called hybridomas. These continue to make antibodies but also have the cancer cells' ability to grow and divide indefinitely.

> Both Tambrands and Unilever have identified home diagnostics as a priority area for future corporate growth

Finally the acientists screen the hybridoma cells to pick out the ones that produce exactly the antibody they want. Each hybridoma can be used as the basis for a laboratory culture of identical cells – clones – making the same antibody. Therefore, although animals have to be used in the research and development stages, they are not required to produce selected monoclonal antibodies in large quantities.

Home pregnancy tests incorporating monoclonal antibodies were introduced during the late 1970s and early 1980s. These were more sensitive than the old polyclonal tests but still seemed excessively complicated to many users. They required women to collect a urine sample in a container, measure out drops of urine, reconstitute various chemical reagents and wait an hour or more for the result. They were all "tube agglutination tests", in which the result was shown by the formation or absence of a ring of red blood cells at the bottom of a test tube, and they were therefore very vulnerable to disturbance and vibration.

The next advance was the introduction in 1985 of enzyme-linked home pregnancy tests, in which the antibody to HCG is attached to an enzyme. The presence of HCG triggers a biochemical reaction which becomes visible as the development of a colour when a special chemical is added.

Most pregnancy tests sold today are enzyme-linked and give the result through the presence or absence of a colour. They are easier to use than ring tests and work more quickly – typically in 30 minutes rather than 90 minutes.

The two new tests from Tambrands and Unipath represent a significant further advance in speed and simplicity. First Response gives a result in five minutes and Clearblue One Step in three minutes.

Each test uses two new monoclonal antibodies. But the real technical advance lies not so much in the antibodies as in the associated chemical processes which the researchers have devised to give quick results. The two companies have chosen quite different routes.

● First Response requires the user to collect a urine sample and add it by dropper to a test tube containing powder. This includes two antibodies which latch onto different parts of the HCG molecule. The first antibody is attached to a tiny latex bead and the second is attached to a gold compound.

The user then swirls the tube to mix the powder with the urine and leaves it to stand for five minutes. If HCG is present, the antibodies will bind to it, forming a chemical "sandwich" of latex-antibody-HCG-antibody-gold, which is coloured pink.

In the final step the contents of the test tube are poured into a small well covered with a filter paper. If the woman is pregnant, the HCG sandwich remains on the filter and the pink colour is clearly visible. If she is not pregnant, the gold compound does not bind to the latex beads and it passes through the filter; no colour is then visible.

● Clearblue One Step is even quicker and simpler to use. It is the first home pregnancy test to dispense altogether with the need to collect a urine sample and handle chemical reagents.

The kit just consists of a plastic stick with an absorbent wick at one end and two "windows" in the middle. The woman holds the wick in her urine stream for five seconds and then waits about three minutes for the result. If she is pregnant a blue line appears in the first window, if not there is no line.

A blue line appears in the second window, whatever the result, to show that the test has been completed. Keith May, Unipath's research and development director, says that this unique in-built "control" is intended to reassure nervous users that they have carried out the test correctly.

He believes that regulatory authorities, such as the US Food and Drug Administration, which are now taking more interest in diagnostic kits, will soon require all home pregnancy tests to include some sort of control.

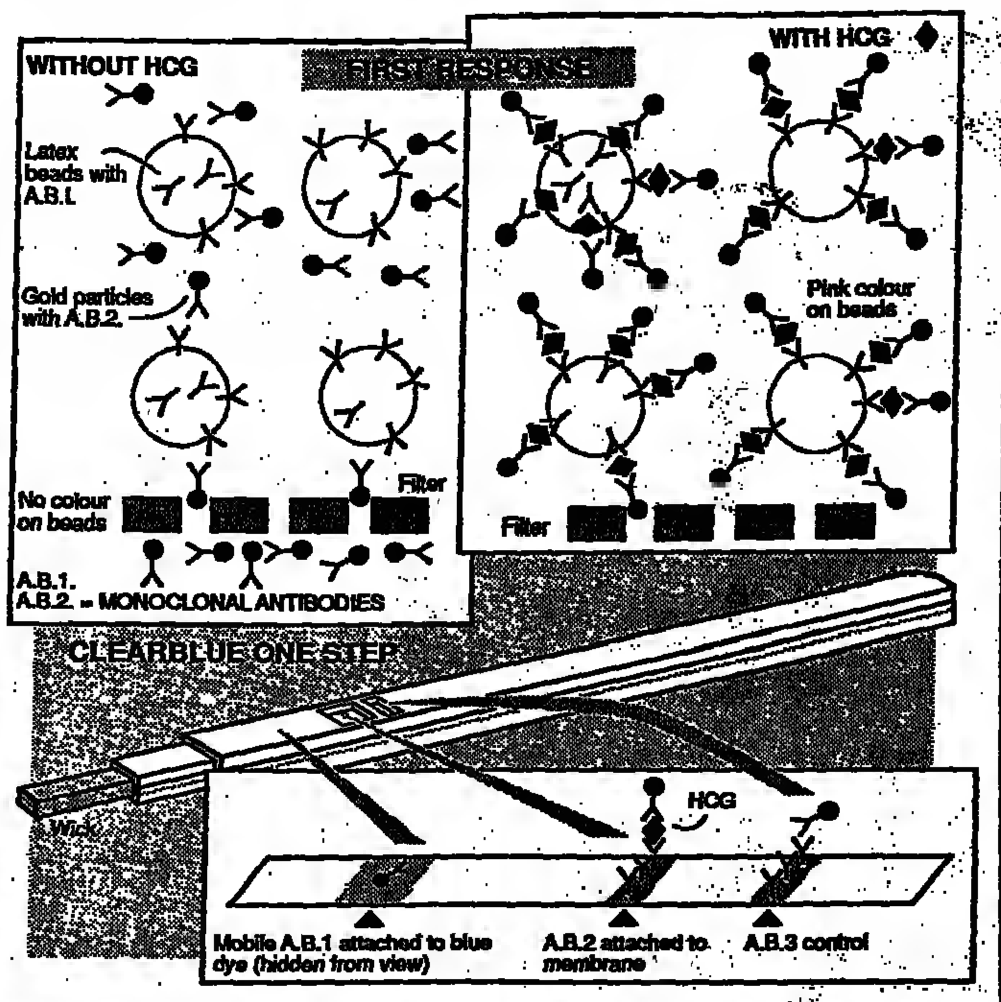
The Clearblue One Step kit contains a porous membrane with three separate zones of antibody. When the sampler wick is saturated with urine this passes first through a mobile zone of monoclonal antibody linked to a blue dye.

The urine picks up the blue material and flows on to the second zone – in the middle of the first window – where an immobile antibody is attached to the membrane. If the urine contains HCG an antibody sandwich will form there and a blue line appears in the window. If there is no HCG all the blue material will flow past the first window without leaving a mark.

Finally the urine moves on to the third zone - in the middle of the second window – which contains an immobilised antibody to the blue material (not to HCG). So a blue line appears in the second window whether or not HCG is present, to show that the test is complete.

Independent experts on pregnancy testing say that Clearblue One Step represents an impressive technical advance. "It is amazingly simple to use and is probably as foolproof as a home pregnancy test can be," says Dr Mandy Donaldson of Chelsea Hospital for Women.

Alan Nicholls, chief medical laboratory scientific officer for the British Pregnancy Advisory Service (BPAS), says that women who have never before handled chemicals in test tubes (and who may well be feeling nervous and emotional about their pregnancy) do occasionally make mistakes when using other kits.



The BPAS and most doctors generally welcome the introduction of faster and more accurate home pregnancy tests, though some GPs remain suspicious of the do-it-yourself kits and prefer their patients to be tested through the National Health Service.

However, there is more widespread criticism of the manufacturers for emphasising in their promotional material that the tests are sensitive enough to be used on the first day of a missed period. The BPAS, for example, advises women to wait until they are a week overdue before testing.

This is because many very early pregnancies miscarry at about the time as the missed period, and unless the woman has done a test on day one she may know nothing about the conception and just experience an unusually heavy period two or three days late.

The proportion of pregnancies that end spontaneously at about this tima is not known, but recent medical research suggests that it could approach 50 per cent.

"It can be very distressing for a woman who is desperate to conceive to pick up a pregnancy with a test, and then lose it a couple of days later," says Dr Donaldson.

But as the manufacturers point out, other medical experts support their view that the advantages of knowing about a pregnancy as soon as possible far outweigh the disadvantages.

Each kit is sold with two tests, so that the woman can confirm the first result a few days later, and Unipath and Tambrands both provide a telephone advice service for users.

"It is very important to know as early as possible that you are pregnant so that you can change your lifestyle – for example stop smoking and drinking," says John Bird of Unipath.

Jenny Booth, his counterpart at Tambrands UK, says the tests will enable women with an unusual history of successiva early miscarriages to realise the problem and seek treatment.

The two companies both have strengths and weaknesses in the forthcoming marketing battle between First Response and Clearblue One Step. Unipath's main advantage is that its test is simpler and easier to use than First Response.

Unipath will also be helped by the fact that its existing enzyme-linked pregnancy test, launched in 1985 and simply called Clearblue, has about half the UK market.

Tambrands has not previously sold a pregnancy test in the UK, though it dominates the smaller (£2m a year) UK market for ovulation tests. These tell women who are keen to become pregnant when they have reached the right point in their hormonal cycle.

On Tambrands' side is the lower price of First Response – £6.95 for two test kits compared with £8.35 for two Clearblue One Step tests.

In addition, First Response can be used at any time of the day or night, whereas Clearblue must be used with "early morning urine" which contains the highest concentration of HCG.

First Response was developed in the US and is being launched simultaneously on both sides of the Atlantic. Clearblue One Step was developed in the UK. It will be launched in Britain first, though it will later be sold worldwide.

Upjohn to spend $50m on research in Europe

By Peter Marsh

UPJOHN, the big US drugs company, plans by the mid-1990s to spend up to $50m a year backing research in West European educational institutions.

The cash would be spent in a series of about ten projects, two of which are already in operation. A further two or three schemes are likely to be set up by the end of the summer, according to Theodore Cooper, the company's chairman and chief executive.

Upjohn, which spends about 14 per cent of its $2.5bn annual turnover on research and development, is evaluating between three and five academic centres where it would provide funds to support scientists, says Cooper.

The establishments on the short-list, from which the company hopes to select two or three by September, are in Britain, West Germany, France, the Netherlands and Belgium.

Tha aim of the research schemes, according to Cooper, is to enable the company to forge links with academic workers in Europe. Out of this liaison could come new ideas to help the company's own research programmes.

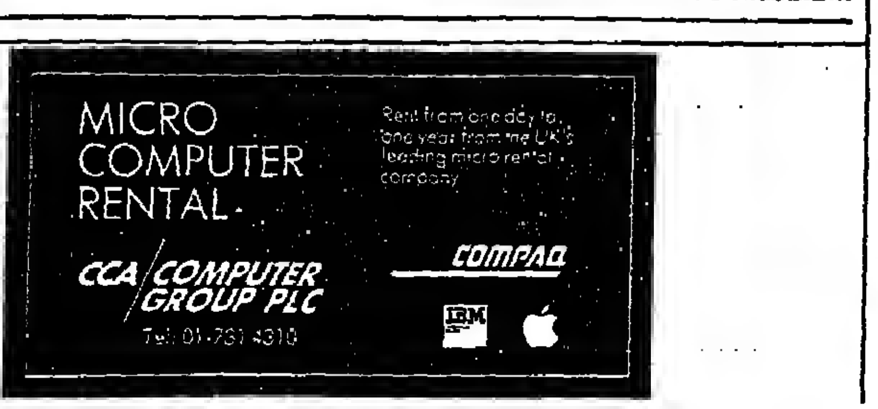
Upjohn is already providing funds to two sets of research workers in academic institutions in Europe. One of these schemes – both of which got under way last year – is a joint venture between University College in London and the Centre Paul Broca de l'INSERM in Paris. The other is at the University of Gothenburg in Sweden.

In both cases, the funds going into the institutions will probably rise gradually over the next few years to reach about $1m a year.

Both existing research projects are inquiring into the factors behind brain disorders, an area of medicine in which Upjohn hopes to develop new drug therapies.

The new research schemes, likely to start up later this year, will probably all focus on cardiovascular disease, says Cooper.

Upjohn does its own research, mainly in Kalamazoo, Michigan, and in Tskuba City, near Tokyo, where it recently opened a new set of laboratories. The company also has a smaller research centre in Crawley, Sussex, which it is considering expanding.



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Each ticket purchased automatically enters you into the draw for a flight in the FT Centenary Hot Air Balloon.

A Centenary Event for Readers of the Financial Times

THE QUEEN ELIZABETH II CONFERENCE CENTRE WESTMINSTER, LONDON 7, 8 & 9 JULY, 1988

As part of its Centenary year, the Financial Times is pleased to announce PERSONAL INVESTMENT 1988. An Exhibition for those seriously interested in investment, it will provide an opportunity for its readers to discuss their individual personal financial planning requirements and take part in the exciting programme of events that will contribute to this celebratory occasion.

Entry to the Exhibition costs £5.00 which includes a ticket for you and a guest, a catalogue and the opportunity to visit the FT Centenary Photographic Display and a special show of paintings by the New English Art Club.

Those attending the Exhibition will also be able to register for any of the associated conferences, workshops and events listed below. At £10.00, the cost of each is attractively low but numbers are restricted and early booking is essential.

Exhibition times of opening: *Thursday, 7 July 10.00–20.00*
Friday, 8 July 10.00–20.00
Saturday, 9 July 10.00–18.00

Programme of Events

THURSDAY, 7 JULY

10.00–13.15 OPENING CONFERENCE — CAPITAL PROTECTION AND GROWTH
Financial planning for men and women in late career and at retirement.
Sir Mark Weinberg
Chairman, Allied Dunbar Assurance
Deputy Chairman, Securities & Investments Board
Gordon Pepper
Director & Senior Adviser, Midland Montagu
Alan Kelly
Partner, Grant Thornton
Author, 'Financial Planning for the Individual'
John Patterson
Director, National Savings
John West
Senior Manager, The Royal Bank of Scotland
Michael Pilch, CBE
Former Director, Noble Lowndes
Former Chairman, NAPF

14.00–17.15 PERSONAL FINANCIAL PLANNING AFTER THE 1988 BUDGET
An overview of the income and capital changes in the most recent Lawson Budget and suggestions on the financial and investment decisions that follow.
Lord Bruce-Gardyne of Kirkden
Former Economic Secretary to the Treasury
David Stewart
Senior Tax Partner, Deloitte Haskins & Sells
John Chown
J F Chown & Co
Hugh Blakeway Webb
Tax Partner, Deloitte Haskins & Sells
Alan Kelly
Partner, Grant Thornton
Author 'Financial Planning for the Individual'
Howard Flight
Joint Managing Director, Guinness Flight

18.00–20.30 PERSONAL PENSIONS
A subject of immediate importance to men and women in employment as the new pensions regime takes effect in July. An authoritative panel looks at the risks and possible rewards of leaving employer-run schemes.
Dryden Gilling-Smith
Managing Director, EBS Management
Maurice Oldfield
Former President, NAPF
Group Pensions Executive, Allied Lyons
Robert Ashurst
Partner, R Watson & Sons
An Insurance Company speaker to be announced

18.00–20.30 INVESTING IN GOLD
Should gold play a bigger part in the portfolios of British investors? A distinguished panel will answer the question and discuss how to proceed.
Robert Guy
Director, N M Rothschild & Sons
Julian Baring
Gold Specialist, James Capel
Anthony Garrett
Deputy Master & Comptroller, The Royal Mint
Tim Read
Head of Mining Research, Smith New Court

FRIDAY, 8 JULY

10.00–13.15 CAPITAL PROTECTION AND GROWTH FOR DIRECTORS AND SENIOR EXECUTIVES
Personal investment strategies for men and women at the top of companies and with businesses of their own.
The Rt Hon Cecil Parkinson, MP
John Forsyth
Director, Morgan Grenfell
Barry Riley
Investment Editor, Financial Times
Tony Vernon-Harcourt
Author, Charterhouse Guide to Top Management Remuneration
Dryden Gilling-Smith
Managing Director, EBS Management

10.00–13.15 WORKSHOP FOR EXPATRIATES
A special workshop on the requirements of men and women living abroad.
Peter Gartland
Editor, The International
Peter Donne Davis
Managing Director, Abbey National (Overseas)
John Crittenden
Manager, Expatriate Services, Lloyds Bank
Donald Elkin
Director, Wilfred T Fry (PFP)
Michael Lenhoff
Portfolio Strategist, Capel-Cure Meyers

14.00–15.30 THE MACALLAN TASTING
An informative and comprehensive nosing of The Macallan single malt whisky through its various vintages
Tutor: **Robin Lambie**
Marketing Manager, The Macallan

14.00–17.15 ALTERNATIVE INVESTMENTS
An examination of areas of interest to collectors by Sotheby's directors, including furniture, paintings, jewellery, ceramics and works of art.
Chaired by one of the principal contributors to the BBC Antiques Road Show.
Lecturers: **Simon Taylor**
Christopher Payne
David Bennett
David Battie

18.00–19.30 SOTHEBY'S WINE TASTING
This is a fascinating opportunity to join a tutored tasting of investment quality wines. Numbers are limited.
Tutor: **David Molyneux-Berry MW**
Head of Sotheby's Wine Department
Introduced by: **Edmund Penning-Rowsell**
FT Wine Correspondent

17.00–18.30 REVIEWERS' EVENING
Chaired by the FT Literary Editor and offered on a complimentary basis to a limited number of readers. This distinguished panel will consider the nature and function of reviewing.
Contributors: **Anthony Curtis**
Francis King
Rachel Billington

SATURDAY, 9 JULY

10.00–13.00 CAPITAL PROTECTION AND GROWTH FOR THE YOUNGER INVESTOR
Designed for men and women planning an investment strategy for the longer term.
Richard Lambert
Deputy Editor, Financial Times
David Battie
Director, Sotheby's
John Brennan
FT Property Correspondent
John Edwards
Managing Director, Bailey Shatkin
Deputy Chairman, LIFFE
Anthony Mayer
Director, Rothschild Asset Management

14.00–17.15 INTRODUCTION TO INVESTMENT
The Stock Exchange and its three markets, unit linked investments, high street developments and investor protection are among the subjects to be covered.
John Edwards
Personal Finance Editor, Financial Times
Daniel O'Shea
Director, M & G Investment Management
Author, 'Investing for Beginners'
Ian Morison
Group Corporate Affairs Director, Midland Bank
Colin Chapman
Editor, Financial Adviser
Speaker from The Stock Exchange

14.30–17.00 "HOW TO SPEND IT"
An afternoon with: **Lucia van der Post** (with a lot of help from Harrods)
Invest in yourself and how you look and feel. A team of experts will be on hand to help you all, men and women alike, make the best of that most important person — yourself.

11.00–12.30, 14.00–15.30 TASTING OF PINK CHAMPAGNE
Two tutored tastings of pink champagne with sparkling examples from leading houses.
Tutor: **Robert Joseph**
Publishing Editor, 'Wine' Magazine

Evening Cruise to Greenwich & Symphony Concert

FRIDAY 8 JULY

A limited number of tickets are available, at £20.00 each, for a boat trip from Westminster to Greenwich for a symphony concert by the NCOS Symphony Orchestra at the Greenwich Borough Hall, with Anna Steiger as soloist and with the German conductor Volker Wangenheim. Return transport is provided.

Programme:

Wagner	Overture Rienzi
R Strauss	Oboe Concerto Soloist: Donovan Ruhle
Dvořák	Rusalka: Song to the Moon
Bizet	Carmen: Suite and Micaela Aria
Granados	The Lover and the Nightingale from Goyescas
Mussorgsky arr. Ravel	Pictures from an Exhibition

The National Centre for Orchestral Studies has been favourably reviewed by the FT and the NCOS is moving into its new home in Greenwich Borough Hall.

A FINANCIAL TIMES CENTENARY EVENT GROUP SPONSOR: Midland Bank plc ASSOCIATE SPONSOR: The Royal Bank of Scotland plc

TICKET APPLICATION FORM

PERSONAL INVESTMENT 1988

I/we shall attend the **Personal Investment Exhibition** and wish to register for the following events.
(Please enter the number of tickets required in the boxes below)

THURSDAY, 7 JULY

Opening Conference—Capital Protection and Growth	☐ @£10.00=£ ___
Personal Financial Planning after the 1988 Budget	☐ @£10.00=£ ___
Personal Pensions	☐ @£10.00=£ ___
Investing in Gold	☐ @£10.00=£ ___
SUB TOTAL	___

FRIDAY, 8 JULY

Capital Protection & Growth for Directors & Senior Executives	☐ @£10.00=£ ___
Workshop for Expatriates	☐ @£10.00=£ ___
Alternative Investments	☐ @£10.00=£ ___
Sotheby's Wine Tasting	☐ @£10.00=£ ___
Reviewers' Evening	☐ FREE
Evening Cruise and Symphony Concert	☐ @£20.00=£ ___
SUB TOTAL	___

SATURDAY, 9 JULY

Capital Protection & Growth for the Younger Investor	☐ @£10.00=£ ___
Introduction to Investment	☐ @£10.00=£ ___
"How To Spend It"	☐ @£10.00=£ ___
Tasting of Pink Champagne ☐ 11.00 or ☐ 14.00	☐ @£10.00=£ ___
SUB TOTAL	___

PLUS EXHIBITION ENTRY £5.00
☐ Thursday
☐ Friday
☐ Saturday

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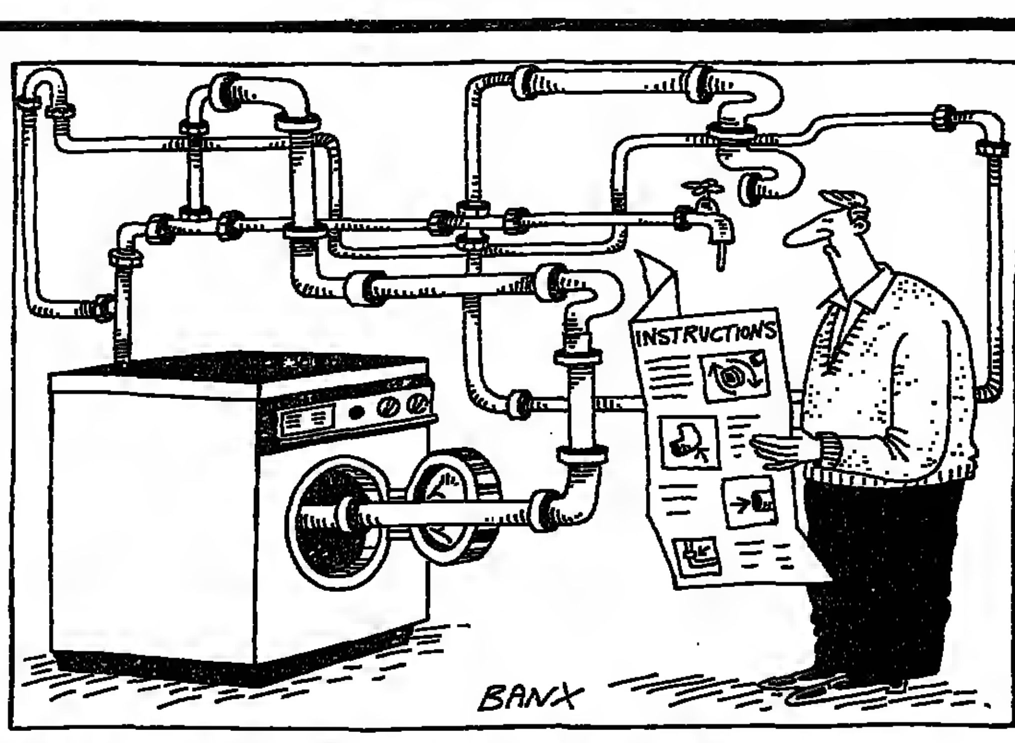
MANAGEMENT: Marketing and Advertising



How Polycell plans to tap DIY plumbers

BY PHILIP RAWSTORNE

BRITAIN'S Do-It-Yourself market is now worth around £3bn a year. DIY is the country's second most popular leisure activity after watching television; it beats gardening, playing sport, or going to the pub.

The market is growing at the rate of 10 per cent a year. Last year some 100 new DIY superstores were opened at a cost of £250m. And as areas of the market, such as paints and wallpapers, become saturated, manufacturers and retailers are sustaining growth by introducing new products, bringing more traditional tradesmen's tasks within the scope of the DIY enthusiast.

Polycell Products, bought from Reed International last year by Williams Holdings for £285m, and a brand leader in many DIY sectors, has been at the forefront of this marketing drive. It has turned double glazing and repointing into profitable DIY activities.

In 1984, Polycell began a search for major new areas of opportunity as expansion of its core business – DIY products such as adhesives, fillers and cleansers – slowed.

It identified home security as a possible DIY market. The existing market was geared to professional tradesmen, and had little direct contact with consumers.

In 1985, Polycell launched a range of products designed for the amateur, and backed by national television advertising. In only 18 months it secured a 30 per cent share and leadership of its £14m sector of the home security market. Now it is attempting to remove the tradesmen's monopoly in another area.

Because of the demand made on management resources by the move into home security, Polycell decided to appoint a specialist consultancy to identify its next move. KAE Development, formed in 1969 and involved in the launch of such products as Crown Plus Two paints and Mr Dog petfood, was given the job.

Polycell's brief was that the products must offer potential for at least £2m turnover at manufacturers' selling price, must be suitable for Polycell branding, and for distribution through DIY outlets.

David Lowings, project manager at KAE Development, says: "The project represented a real challenge because there are few markets in DIY that were large enough to meet Polycell's volume objectives. Right from the start we knew that it was likely that we would be looking at virgin territory in DIY terms."

KAE evaluated markets within several broad categories – DIY/home improvement, car care, gardening, household, leisure/hobbies, and home furnishings. Three promising areas were identified by the screening; and DIY plumbing was eventually chosen.

In many ways, the situation that KAE found within the DIY plumbing market mirrored that of home security before Polycell's entry.

The great majority of plumbing products was not specifically designed for the amateur. Most were existing trade products packed in rudimentary plastic bags. Copper piping and brass compression joints which required strength and special tools to fit, were beyond the capacity of the average DIY-er. Only 20 per cent of DIY-ers currently tackle plumbing jobs.

None of the existing brands was well known within the DIY market; few were distributed in more than one or two major multiples; and packaging and in-store presentation reflected a lack of marketing skills.

It was clear that the DIY mass market – Polycell's prime target – was virtually untouched. A special survey showed that 8.4m plumbing jobs are done in the UK domestic sector alone each year, quite apart from such humdrum tasks as replacing tap washers, and excluding the plumbing of new houses.

Lowings says: "Our investigations left us in no doubt that the potential market was there. It really depended on getting the physical product right and on getting support from the retail trade."

Suppliers these days cannot afford to ignore requirements of major retailers whether in DIY, food, toiletries or any other market sector. So KAE, without revealing that it was acting for Polycell, sought the views of the major DIY multiples about DIY plumbing.

They recognised it as a potential growth area but were aware of the limitations of existing products, and the marketing of them. "It's all very well if the customer knows what he's doing but beginners panic – nobody is doing anything to help that," was one retailer's comment.

Another said: "The biggest failing in the plumbing industry is presentation . . . manufacturers should design a package with the retail environment in mind."

KAE and Polycell coocluded that the multiples were likely to be receptive to a consumer-oriented approach.

Polycell should enter the market, it was decided, with a range of strongly-branded, easy-to-use products, requiring no special tools or knowledge, and with step-by-step instructions with clear illustrations. There would be colour-coded kits for basic plumbing tasks – fitting a bath or washbasin – and separate components and pipe for other plumbing jobs.

The guidelines established, attention turned to the product itself. If DIY plumbing were to become a mass-market activity, KAE and Polycell decided that the consumer would have to be offered a product which was easy to use. A trawl of the trade's manufacturers found one with a new system of plastic plumbing, featuring push-fit joints and flexible, polybutylene pipe.

The system was already gaining increasing professional acceptance. It is claimed it offers significant savings compared with traditional copper and brass installations, is more resistant to freezing and bursting, scale build-up, impact damage and corrosion.

The pipe can be bent, threaded around obstacles, and can be cut with a backsaw or pipe cutter. A pressure-tight joint is made simply by inserting a metal support into the end of the pipe and pushing it into the joint.

Polycell, having worked on the product range to make further improvements for the DIY market, such as pre-lubricated joints, now licences it from the original manufacturer.

With all the building-blocks in place, the next step was to find out whether the new product really did have consumer appeal. Was it possible to convince the average DIY-er that he, or she, could tackle plumbing with confidence?

Research showed the average householder's fear of water damage was very strong, and revealed doubts among consumers about the effectiveness of plastic piping and push-fit joints.

Polycell does not yet know whether these doubts will be overcome, but its research suggested that its brand-name provided reassurance – and KAE suggested it should be reinforced by presenting the new product as "a major technical advance in plumbing." A graphic design agency was brought in to help with the production of the crucially important instruction leaflet.

Alper Ardan, Polycell's new-business manager is confident that the plumbing market, long the domain of the professional tradesman, is now ripe for development for DIY. "I think our product will open the market to the average DIY-er, who is already skilled enough to do most other household tasks," he says.

It was decided that, in order to attract DIY-ers to plumbing, the concept needed to be sold on an end-benefit basis. The ease of fitting would be a vital selling point; but the first appeal to the consumer would be an emotional one – the convenience of a wash-basin in the bedroom, or the greater warmth from an extra radiator.

Packaging was designed both for specific kits and individual components to catch the customer's eye, and to provide total information and reassurance.

Polycell and KAE then carried out their final piece of research. They could hardly have wished for better results. DIY plumbers and non-plumbers were given kits and 12-page instruction leaflets for specific tasks. Ninety-eight per cent found the plumbing task easy, 86 per cent said they found the instructions easy to follow, and 79 per cent said they would probably or definitely buy Polycell DIY Plumbing.

But the sale of Polycell last year delayed the project for several months, until the new owners gave the go-ahead. The first kits are being delivered to DIY stores later this month; and the launch will be supported by a £1m-plus national television advertising campaign in the autumn.

Over one-sixth of UB Brands' annual revenue comes from products introduced during the past five years

Gravitas on the gravy-train

Christopher Parkes explains United Biscuits' search for products for the future

WHEN IT comes to flour and water chemistry there is no company in Britain to match United Biscuits. Its long history in the biscuit trade and the dedication – even obsession – of chairman Sir Hector Laing with the group's core product has given it over 50 per cent of the £1bn UK market.

It showed its touch a couple of years ago with the launch of Hob-Nobs. This oaty biscuit, now sold in s chocolate-faced variant, will this year turn over around £40m and join McVitie's Digestives in the group's Hall of Fame.

So is there a problem?

"We're obsessed with producing things our grandchildren are going to eat," says Simon Tuckney, newly-appointed marketing director of the biscuits division, UB Brands.

There is little wrong with that, as has been proved by Rowntree's 50-year-old Kit Kat, Mr Kellogg's antique cornflake and UB's own Penguin. But Tuckney argues that a durable hit like the Hob-Nob or the Jaffa Cake comes up once every 20 years and modern market conditions demand greater flexibility and depth of focus than has been apparent at UB in the past.

"We are obsessed with asking of a new product: 'Can it sell £10m?' But it would still be acceptable if it sold £1m and we could make money out of it," he says.

Nor is longevity crucial. Golden Wonder's Pot Noodles had only a brief spell of glory, but, he uotes, "a lot of money was made."

In today's fevered environment, where segmentation and differentiation have altered traditional views of mass markets, where snacking has displaced the sit-down meal – and in which the biscuit market is stagnant – Tuckney spies new opportunities.

To offer a clue he wags a pack of Mini Cheddars, small cheese biscuits in a crisp-style sachet. UB sold them for years in a conventional roll pack for eating with cheese. Now, scaled down, presented as snacks, and selling at twice the price per gram as the standard pack, the Mini Cheddar business produces £7m a year.

A Hob-Nob bar – two oblong biscuits coated with chocolate in a Mars-style wrapper – is another example. Just launched in the south, it will soon go national.

Strictly speaking these "innovations" are line extensions; but they are also an affirmation of Tuckney's view that UB Brands, along with almost every traditional food company in the country, is in the snacks trade, that its recognised skills in mass production and mass marketing are no obstacle to its ambitions in more specialised areas, and that niche marketing is not the sole province of the small manufacturer.

"Micro-marketing is a matter of organisation, not technology. United Biscuits got into making sandwiches for Marks and Spencer. If we can do that, we can do the same in biscuits."

Untroubled by the prospect of treading on toes at KP, UB's "official" snacks business, Tuckney is setting out to exploit the potential of the biscuit in the so-called "grazing" market.

The process started earlier this year when UB Brands cleared the decks. It withdrew from sale 20 biscuit lines which accounted for an aggregate sale of about £10m a year including chocolate fingers and Country Cookies. The object was to set retailers thinking along lines similar to those emerging at UB Brands.

The company believes that its – and retailers' – turnover and profits cau be improved if together they are more thoughtful and creative about the way they sell biscuits. Tuckney suggests that the lack of growth in the trade may be connected with the stodgy approach of piling pack upon pack in the massed ranks of standard products.

At present there are about 1,000 biscuit lines on sale in Britain with little to choose between them in shape, texture packaging and consumer appeal. Duplication is common. For example, in an average supermarket's display of 200 biscuit products there will probably be half a dozen bourbou creams, distinguishable only by a penny or two in the price.

Naturally, Tuckney has no desire to see the biscuit shelves shrink. But be wants more of the available space devoted to high-margin best-sellers and new products like its Hob-Nob bar, Solar cereal snack and other innovations which at present tend to fall somewhere between displays of conventional biscuits, crisps and confectionery.

Tuckney has recently been out and about preaching to the retailers, giving details of a year's trial withdrawals in Northern Ireland, which preceded the national delisting. Reception of his theory has been good, but action nil.

But with UB group management behind him he is pressing on, and giving little away. Some implementation is in progress at the product development end. "By the turn of the year we expect to be moving ahead rapidly to launch in two or three new areas," he says.

Company Notices

GT BIOTECHNOLOGY & HEALTH FUND
Societe Anonyme
Registered Office: 2, boulevard Royal
2953 Luxembourg
R.C. Luxembourg B - 24840

Notice is hereby give to the shareholders, that the
ANNUAL GENERAL MEETING
of shareholders in GT BIOTECHNOLOGY & HEALTH FUND will be held at the head office of Banque Internationale a Luxembourg, Societe Anonyme, 2, Boulevard Royal, L - 2953 Luxembourg, on Friday, 15 July, 1988 at 3.00 p.m. with the following agenda:
1. To consider and approve the Reports of the Board of Directors and of the Statutory Auditor.
2. To approve the Statement of Net Assets and the Statement of Operations as at 31 March, 1988.
3. To discharge the Directors and the Statutory Auditor with respect of their performance of duties for the year ended 31 March, 1988.
4. To elect the Directors and appoint the Auditor
5. Any other business
The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the meeting.
In order to attend the meeting of 15 July, 1988 the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with Banque Internationale a Luxembourg, 2, Boulevard Royal, L - 2953 Luxembourg.

THE BOARD OF DIRECTORS

GT DEUTSCHLAND FUND
SICAV
Registered Office: 2, boulevard Royal
2953 Luxembourg
R. C. Luxembourg B - 25023

Notice is hereby given to the shareholders, that the
ANNUAL GENERAL MEETING
of shareholders in GT DEUTSCHLAND FUND will be held to the head office of Banque Internationale a Luxembourg, Societe Anonyme, 2 Boulevard Royal, L - 2953 Luxembourg, on Friday, 15 July, 1988 at 2.30 p.m. with the following agenda:

1. To consider and approve the Reports of the Board of Directors and of the Statutory Auditor.

2. To approve the Statement of Net Assets and the Statement of Operations as at 31 March, 1988.

3. To discharge the Directors and the Statutory Auditor with respect of their performance of duties for the year ended 31 March, 1988.

4. To elect the Directors and appoint the Auditor.

5. Any other business.

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented to the meeting.

In order to attend the meeting of 15 July, 1988 the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with Banque Internationale a Luxembourg, 2 Boulevard Royal, L - 2953 Luxembourg.

THE BOARD OF DIRECTORS

GT INTERNATIONAL BOND FUND
SICAV
Registered Office: 2, boulevard Royal
2953 Luxembourg
R. C. Luxembourg B - 24842

Notice is hereby given to the shareholders, that the

ANNUAL GENERAL MEETING

of shareholders in GT INTERNATIONAL BOND FUND will be held at the head office of Banque Internationale à Luxembourg, Société Anonyme, 2, Boulevard Royal, L - 2953 Luxembourg, on Friday, 15 July, 1988 at 12 noon with the following agenda:

1. To consider and approve the Reports of the Board of Directors and of the Statutory Auditor.
2. To approve the Statement of Net Assets and the Statement of Operations as at 31 March, 1988.
3. To discharge the Directors and the Statutory Auditor with respect of their performance of duties for the year ended 31 March, 1988.
4. To elect the Directors and appoint the Auditor.
5. Any other business.

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the meeting.

In order to attend the meeting of 15 July, 1988 the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with Banque Internationale à Luxembourg, 2 Boulevard Royal, L -2953 Luxembourg.

THE BOARD OF DIRECTORS

GT UK SMALL COMPANIES FUND
SICAV
Registered Office: 2, boulevard Royal
2953 Luxembourg
R.C. Luxembourg B - 25868

Notice is hereby given to the shareholders, that the
ANNUAL GENERAL MEETING
of shareholders in GT UK SMALL COMPANIES FUND will be held at the head office of Banque Internationale, Societe Anonyme, 2, Boulevard Royal, L - 2953 Luxembourg, on Friday, 15 July, 1988 at 9.00 a.m. with the following agenda:
1. To consider and approve the Reports of the Board of Directors and of the Statutory Auditor.
2. To approve the Statement of Net Assets and the Statement of Operations as at 31 March, 1988.
3. To discharge the Directors and the Statutory Auditor with respect of their performance of duties for the year ended 31 March, 1988.
4. To elect the Directors and appoint the Auditor.
5. Any other business.
The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the meeting.
In order to attend the meeting of 15 July, 1988 the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with Banque Internationale a Luxembourg, 2, Boulevard Royal, L -2953 Luxembourg.

THE BOARD OF DIRECTORS

GT US SMALL COMPANIES FUND
SICAV
Registered Office: 2, boulevard Royal
2953 Luxembourg
R. C. Luxembourg B - 25176

Notice is hereby given to the shareholders, that the
ANNUAL GENERAL MEETING
of shareholders in GT US SMALL COMPANIES FUND will be held at the head office of Banque Internationale a Luxembourg, Societe Anonyme, 2 Boulevard Royal, L - 2953 Luxembourg, on Friday, 15 July, 1988 at 4.00 p.m. with the following agenda:

1. To consider and approve the Reports of the Board of Directors and of the Statutory Auditor.
2. To approve the Statement of Net Assets and the Statement of Operations as at 31 March, 1988.
3. To discharge the Directors and the Statutory Auditor with respect of their performance of duties for the year ended 31 March, 1988.
4. To elect the Directors and appoint the Auditor.
5. Any other business

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the meeting.

In order to attend the meeting of 15 July, 1988 the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with Banque Internationale a Luxembourg, 2 Boulevard Royal, L - 2953 Luxembourg.

THE BOARD OF DIRECTORS

GOLD FIELDS GROUP
DECLARATION OF DIVIDENDS
UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the standard conditions relating to the payment of the dividends declared by the undermentioned companies on 7 June 1988 and on 9 June 1988 in the case of Gold Fields of South Africa Limited and Gold Fields Coal Limited, payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of R4.038114 South African Currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 4 July 1988 as advised by the companies' South African bankers.

The United Kingdom currency equivalents of the dividends are therefore as follows:

Name of Company (All companies are incorporated in the Republic of South Africa)	Dividend No.	Amount per share
[illegible]	[illegible]	[illegible]

[illegible]

Standard Chartered

STANDARD CHARTERED OFFSHORE MONEY MARKET FUND LIMITED

BEARER DEPOSITARY RECEIPTS

In accordance with the terms of the Depositary Agreement dated 30th August, 1983 made between Standard Chartered Offshore Money Market Fund Limited, Standard Chartered Fund Managers (C.I.) Limited and Standard Chartered Bank PLC, Amsterdam Branch under which Bearer Depositary Receipts ("BDRs") have been issued in respect of shares in Standard Chartered Offsbore Muney Market Fund Limited notice is hereby given that no further BDRs will be issued with effect from 3rd August, 1988. Holders of existing BDRs will be unaffected.

Standard Chartered Bank PLC, Amsterdam Branch
Herengracht 418,
P.O. Box 3636,
1001 AK Amsterdam,
Netherlands

Legal Notices

IN THE HIGH COURT OF JUSTICE
No [illegible] of 1988
CHANCERY DIVISION

IN THE MATTER of [illegible] plc
- and -
IN THE MATTER of THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated the 21 June 1988 confirming the cancellation of the Share Premium Account of the above-named Company was registered by the Registrar of Companies on the 29 June 1988.

DATED this [illegible] day of July 1988

Freshfields of Walden House, 17-24 Cathedral Place, London EC4M 7JA, Solicitors for the above-named Company.

SECTION 386 COMPANIES ACT 1985
PENNINE RESOURCES PLC

The Directors of Pennine Resources PLC the registered office of which is situate at 20 Essex Street, Strand, London, WC2 hereby give notice that the Company has closed the register of members with effect from the close of business on 5th July 1988 until the commencement of business on 11th July 1988 being a period of 3 working days.

Soviet cinema/Ronald Holloway

Young talent inspires perestroika revolution

Young, vigorous filmmakers from the Soviet republics of Azerbaijan, Uzbekistan and Georgia, in addition to those already given a free hand at the traditional production centres in Moscow and Leningrad, are formulating a revolutionary new perestroika film.

Directed, and sometimes written as well, by newcomers to the industry, these films treat in a raw, blunt, straightforward fashion the critical changes slowly making inroads into a formerly conservative-minded society. And for the most part they seem to be springing almost spontaneously from the ongoing fortuitous opportunities provided by a permissive socio-political climate to make a film to one's own liking with little or no controlling supervision to speak of.

The Baku National Festival of Soviet Cinema (April 18-25) recently highlighted this new trend by awarding runner-up prizes to a handful of state-recognised perestroika films by veteran directors: Vladimir Khotinenko's *Mirror for a Hero* (Sverdlovsk Studios), Nodar Managadze's *Hey, Maestro!* (Gruziafilm Tbilisi), Oktai Mir-Kasimov's *The Devil on the Windshield* (Azerbaijanfilm Baku), and Alexander Proskin's *Cold Summer of 1953* (Mosfilm Moscow). The general message of all these films is how the mitigating forces of corruption, as well some historical mistakes of the past, stand to be corrected in order to purify socialist society from the inside, and thus spark the will to work again to work for the common good.

As impressive as these films may be, even more so are the perestroika films shot by young talent straight from the camera hip. They could be found on the periphery of the festivals in Baku and Tashkent, often presented to visiting critics as the first "answer prints" to just completed works. One of these was screened at the Azerbaijanfilm Studios in Baku: Vagif Mustafiev's *The Scoundrel* – since retitled *Happy New Year*. Scripted by the prolific Ramiz Fataliev, who collaborated with Nikita Mikhalkov on the controversial *No Witnesses* (1983), *The Scoundrel* is a black comedy on the metamorphosis of a simple, naive, likable employee in a lemonade factory into a cold, rather heartless, hypocritical manager mouthing perestroika mottoes, if need be, to maintain control of the situation. It features a popular Georgian comic, Mamuka Kikaleishvili, as the country bumpkin who, in the end, has learned first hand how easy it is for a careerist to get ahead in business once the tricks of innuendo and flattery are honed to perfection.

Another young talent presented his new production at the Uzbekfilm Studios during the 10th Tashkent Festival of Asian, African and Latin American Cinema (May 24-30). Rashid Malikov's *Clinic* squares away impolitely at the ineptitude of physicians in a Tashkent hospital who have used family connections to obtain graduation diplomas and advance their careers accordingly. As predictable as the theme is, its fresh forthrightness, unembellished by any attempt at stylistic bravura, convinces in the long run by underscoring the immediacy of the director's concern. Malikov, who abandoned his own medical career to enter the Higher Courses for Writers and Directors, obviously wanted to get something off his chest in this debut feature.

One of the most promising and vital talents on the scene today can be found in Georgian cinema: Tato Kotetishvili. He takes impish delight in describing his debut feature *Animir* – "Anaemic" is the literal English translation – as "new Georgian surrealism," and there are obvious traces of Bunuel, Vigo and Chaplin to be found in this absurd tale of a soul-weary intellectual retreating to the mountains to teach orphaned children at a makeshift school, run by a fossilised principal with a bust of Stalin on his desk.

Nothing much really happens in this isolated refuge as the seasons change from autumn to winter, save that a great deal is subtly rendered in pregnant images and patchy dialogue. Kotetishvili's focus is on the inertia plaguing social strata of Soviet, and Georgian, society today. When in the film a combined Christmas/New Year is celebrated, the ice-breaking joy of the occasion proves to be illusory: it only sets the stage for one of the teacher's subsequent suicide in a snowbank. Yet all ends on a note of hope and resurrection: a strip of film left behind by the outsider as a kind of last testament effectively wipes away the group's anaemic passivity once the light of the projector is turned on to illuminate the proceedings like a brilliant daydream.

Scene from Pichul and Khemlik's extraordinary debut, "Little Vera"

Moscow, too, has its young, trendsetting perestroika filmmakers. An extraordinary debut feature film, produced at the Maxim Gorky Studios, will make history of sorts when officially premiered in September: Vassili Pichul (director) and Maria Khmelik's (screenwriter) *Little Vera*. This husband-and-wife team waited five years for the opportunity to film this bittersweet story of a teenaged girl in a working-man's family whose very existence seems to depend on maintaining a state of constant bickering: indeed, spats and reconciliations flow across the screen like hot-and-cold faucets in the kitchen sink.

Further, to heighten the film's realism, Pichul and Khmelik abandoned studio sets altogether to film on location in a crowded apartment block in a working district of the Ukrainian city of Zhdanov on the Azov Sea, where Pichul himself was born and raised. Rather than holding to a narrative line, *Little Vera* runs off arbitrarily in scattered directions: violence breaks out among neighbourhood gangs at a youth gathering, during which the police guardians appear to be at a loss to curb the situation; promiscuous sex scenes charge the proceedings, albeit rather tame by Western standards; and dialogue exchanges are peppered with four-letter words in dialect for the first time on the Soviet screen. Taken altogether, these innovations go far beyond a new trend towards *Perestroika-Kino*; they also argue, quite dramatically, for a reformed national code in Soviet cinematography.

Vassili Pichul and Valeri Ogorodnikov – the young Leningrad director whose *The Burglar* caused a stir at the Moscow and Venice festivals last year – have just returned from Robert Redford's June Workshop at the Sundance Institute in Utah. How *Little Vera* and *The Burglar* will be accepted by their American peers may go a long way to determine the future course of Young Soviet Cinema. In any case, the cultural gap between Soviet and American filmmakers is being bridged much quicker than many imagined would be possible

La Célestine/Opéra, Paris

Andrew Clark

At the age of 74, Maurice Ohana is suddenly the object of more interest in Paris than he has enjoyed anywhere at any previous point in his life. His new full-length stage work *La Célestine* has been attracting large, attentive audiences at the Palais Garnier, and the French press has seized the opportunity belatedly to eulogise Ohana's life-long questing artistic spirit, which has steered him clear of all established schools of thought and made him so difficult to classify. Ohana's *oeuvre* includes one previous opera, *Autodafé* (1972), and several other works for the stage, but *La Célestine* easily outstrips all his previous music in both length (nearly three hours of music) and scale.

Ohana brings some welcome qualities to the theatre. His cosmopolitan background, spanning e childhood in Spain, British war service and an idiosyncratic place in postwar French musical life has contributed to the unusual breadth of his aesthetic tastes and interests. These are evident throughout *La Célestine* – in his literary source material, in the way he explores the sound of language in the singing voice, in his highly individual instrumental palette, and his ability to view specific events from a broad historical perspective. But *La Célestine* also underlines that Ohana has always been more preoccupied with the quality and subtle variation of sound, than with dramatic temperament or the need to stimulate interest through broad contrasts over long stretches of music.

The work described as a "tragi-comédie lyrique," is divided into nine scenes, drawn from the writings of Fernando de Rojas in the closing years of 15th century Spain. La Célestine is a benevolent sorceress, who helps the young knight Calyx to win the heart of the reluctant damsel Melibée. The first half of the opera culminates in a love scene suitably titled "Nuit au jardin des délices." The second part is a catalogue of murder and death, set in train by the jealousy of those less favoured by La Célestine. The action is framed by two historical frescoes from 1492: the opening tableau depicts the forcible conversion of the Moors after the siege of Grenada, signifying the crushing of the free-thinking spirit represented by La Célestine; at the close, Columbus' triumphant return offers glimmer of hope that the New World will redeem some of the evils of the old.

The action is easy to follow. There is a spoken part for Rojas, who turns the pages of his book, commenting on each scene and character. The libretto is predominantly in French but includes snatches of other languages. Much of the music is unaccompanied recitation and harmonising, particularly seductive in the intertwined coloratura of a two-bodied Prophetess (mezzo and high soprano) and an equally mysterious female orchestra, who drift like parentheses in and out of the narrative. The orchestra is reduced to providing background atmosphere – and this it does most effectively, with the expected echoes of Debussy and de Falla, but also some highly original effects with marimba, vibraphone, drums, muted trumpets and harp.

La Célestine leaves no doubt that Ohana's treatment of the singing voice is spectacularly beautiful and soothing. The actual craftsmanship is of a refined maturity. But the work is not so much an opera as an extended nocturne for voices, in which the severity of historical myth is translated into sounds of the most exotic and lyrical sensuality while words and characters count for little. And Ohana has far overstretched his material: the first half became quite monotonous. Most scenes would have benefited from a scalpel, without any loss of overall impact.

Jorge Lavelli and his designer Michel Raffaelli provided a dark, monumental and emblematic staging, which nicely offset the intimate quality of the music, but struggled in vain to put flesh and blood on Ohana's one-dimensional characters. Francesco Zito's costumes, particularly the Siamese-twin effect for the Prophetesses, were pleasantly distinctive. The orchestra played superbly for the young Spanish conductor Arturo Tamayo. The cast, all first class, included Katherine Ciesinski in the title role, Jean-Luc Boutte as the narrator, Susan Roberts as Melibée, Stephen Dickson as Calyx, with Ian Caley, Bruce Brewer, and Jean-Philippe Courtis in smaller roles.

Katherine Ciesinski

Poland's bouquet of Biennales

Given Poland's problems, it is no mean feat that the country is hosting not one, but four concurrent international art competitions.

In Cracow, the 12th International Graphic Biennale features 851 prints by 420 artists from 37 countries (this show was taken over by the State when the artists' Union sided with solidarity, thus many artists exhibit on the "fringe"). In Wroclaw (formerly Breslau) there is the 4th International Drawing Triennale; in Lodz, tapestry from 100 different weavers in 30 countries; and in Warsaw, the Poster Biennale.

All these shows are run on shoestring budgets: commercial sponsorship does not exist. There are chronic paper shortages, making catalogue production a nightmare. Shortage of hard currency means that the prize money is in Zlotys; indeed those exhibits that are for sale (the majority) must be sold for Zlotys – unless by some quirk of Polish logic they happen to be tapestries. Finally, even the prices exhibits go for are derisory by Western standards; the President of the Biennale felt the best items should cost about 2½ months' wages: an average month's wage in Poland is £38.

So it is kudos not cash that attracts the entrants. Poles see what is happening abroad, and local museums have a chance to buy works by artists normally beyond their pockets – the Lodz curator was delighted to snap up a Victor Passmore print at a fraction of its real worth. All posters accepted automatically go into the Poster Museum in Warsaw.

In the tapestry section there was a shameful example of the differing levels of artistic expectation: a Japanese product at $8,000 and its Polish equivalent at $535. Yet, it was the Poles themselves who set the pace, winning three of the four 1988 Grand Prix. The nine-strong Cracow International Jury thought that standards were exceptionally high.

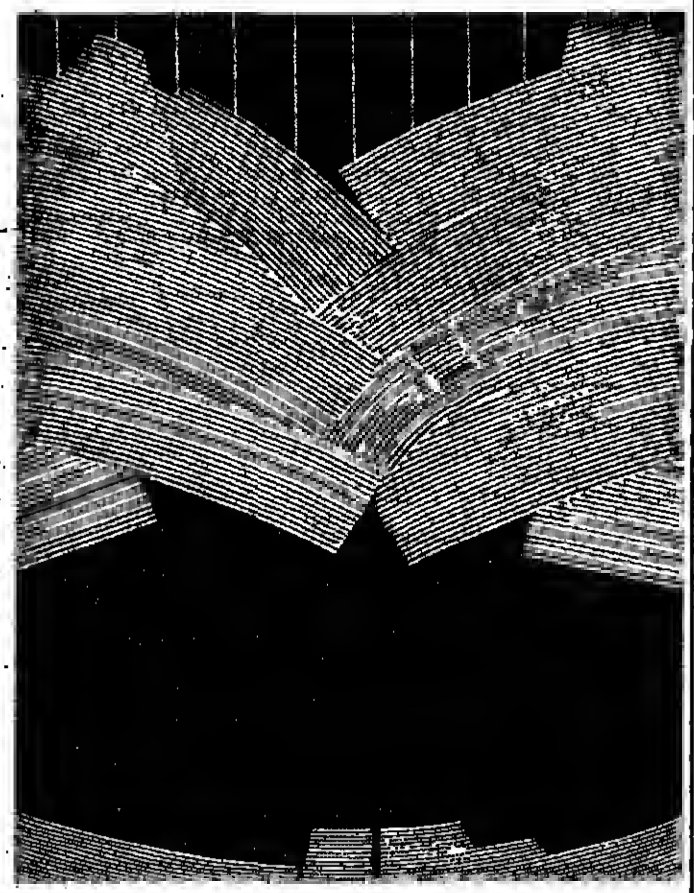
> 'Polish creative powers seem to flourish in difficult conditions'

Polish creative powers seem to flourish in difficult conditions. Some of their finest artistic output (though scarcely known in England) was done during the 150 years of the Russo-Prussian-Austrian partition and occupation. Then Art was a weapon, a blazing torch fuelled by pride and nationalism, and although it is more muted today the protest is still apparent. (Incidentally, Polish cynicism about Glasnost should certainly be eroded by the entries sent from Russia.)

The least satisfactory of the four competitions was that for posters. The political section, a seemingly endless array of Peace Doves, could have done with a touch of Kitchener's "England Needs You;" none of the extremely obscure so called commercial posters would have sold anything; and in the "cultural" section it was nearly all Shakespeare, mainly Hamlet (although a poster for Marlowe's *Edward II* won the silver for the Gold Medal winner, Professor Tomaszewski, who is a 74 year old professor at Warsaw's Academy of Art).

But maybe it is because the posters are so poor that other artistic endeavours thrive; the obverse side of the perestroika coin, expressing the same desperate need to break out from suffocating stagnation. The other exhibitions are exhilarating and enthralling. In Wroclaw's red brick medieval Bernardine Monastery and Gothic Town Hall the Drawing Biennale continues until July 15; the Print Biennale in Cracow and the Posters in Warsaw until August 21; and the Tapestry Triennale in Lodz until October.

Helen de Borchgrave



"Sign Discrimation II" by Ryszard Otreba, 1987, at the Graphic Biennale, Cracow

Sinopoli/Festival Hall

Richard Fairman

For years it used to be the custom to couple Bruckner and Mahler in biographies, as though one was expected to react with the same kind of sympathies towards each of them. Tuesday's concert, featuring the pair in harness again, served to remind us just how wrong-headed that practice was: Sinopoli and the Philharmonia may have worked together to forge a convincing team in Mahler, but their Bruckner remains a thoroughly unsatisfying experience.

The secret of conducting a Bruckner symphony – this was the massive Seventh with its moving tribute to Wagner – is to draw the listener patiently into an acceptance of the vast scale within which the music works, so that one finds a way to breathe and respond at Bruckner's own speed. But Sinopoli's is a restless, probing kind of musical intelligence that is forever putting new sounds and ideas before us, and then quickly snatching them away again.

There is a mismatch here, and it was evident in every aspect of the performance. With Mahler so close to hand it may perhaps have been tempting to find more links than there really were, but the great slow movement of the symphony can rarely have sounded more Mahlerian than it did here: isolated, angst-ridden phrases on cellos and violins stood out from nowhere; and the first brass climax cut through with a vicious, abrasive brilliance.

Where the score asked to speak in paragraphs, it came in heavily punctuated sentences, or even phrases. Where one wanted a glowing Brucknerian resonance, Sinopoli was to be found expertly clarifying and thinning textures. It is not impossible to invoke the true Bruckner spirit in this hall, as I well remember from the wondrous performance given by Jochum and the Vienna Philharmonic here a few years ago; but on this occasion the atmosphere simply was not there.

In the Mahler half of the concert the soprano Catherine Malfitano gave us a selection of five songs from *Des Knaben Wunderhorn*. It is difficult for a singer to project these songs over a full orchestra and Miss Malfitano worked hard to inject a sense of drama into "Das irdische Leben" and make the words tell in the favourite St Anthony song – though well she might at the slow speeds she was given for some of them. Perhaps Sinopoli's mind was already on the Bruckner.

Saleroom/Antony Thorncroft

Lost Canaletto a find

A "lost" painting by Canaletto, which the artist had completed in 1744 as one of thirteen overdoors commissioned by Joseph Smith, English consul in Venice, sold comfortably above target for £440,000 at a Sotheby's Old Master auction yesterday, which made an impressive £4,578,750 with 8 per cent unsold.

It shows the church of the Redentore in a capriccio setting. Smith sold the overdoors to King George III in 1762 and nine of them are still in the Royal Collection; one of the thirteen remains unaccounted for. The vendors had owned the painting, which needs some attention, for over a century but were quite unaware of its importance.

The sale was remarkable for offering eight lost or previously unknown paintings. The other big achievers were "The Last Communion of St Mary of Egypt," painted in the late 17th century by the Venetian artist Sebastiano Ricci, and lost for over fifty years, which resurfaced to bring in £407,000 for a surprised seller: its top estimate had been £80,000, while "The Satyr and the Peasant Family" by the 17th century Antwerp artist Jacob Jordaens was within forecast at £220,000.

A disappointment was "The Glorification of Margrave Carl Wilhelm Friedrich von Ansbach," an oil sketch by the 18th century Italian artist Carlone for the ceiling he painted for the Residenz of Ansbach, which still survives. The fresco cost 3,000 florins in 1734 and the sketch sold for £209,000 yesterday, well below estimate.

There was one major casualty – a portrait of a young girl by Fragonard, which was bought in at £75,000, but among the successes was "The Annunciation," a fine example of the Antwerp School of the early 16th century and attributed to the Master of 1518: it sold for £192,500.

Christie's disposed of silver for £656,564, with 15 per cent bought in, and clocks and watches for £450,878, with 11 per cent unwanted. A George II silver oval bread basket made in 1740 by Paul de Lamerie, with the arms of the Dukes of Beaufort, went to the London dealer Armitage for £203,500. He also paid £46,200 for the Doncaster Race Cup of 1798, a silver gilt two handled cup and cover by the other great 18th century silversmith, Paul Storr. Another London dealer, Bourdon Smith, paid £31,900 for a pair of William IV three-light candelabra and four matching candlesticks by John Wrangham and William Moulson.

A Queen Anne astronomical longcase clock, signed by Edward Cockey of Warminster, one of six he made, including an example for the Queen, sold for £66,000, at the bottom of its estimate, to Aspreys, who also acquired a Joseph Knibb burr walnut month going longcase clock of around 1674 for £53,500. Simon Bull bought a Blois enamel early verge watch signed by Jean Augier, who was active in Paris in the early 17th century, for £46,200, twice the top estimate.

This evening in Moscow Sotheby's holds the first sale in Moscow of contemporary Soviet art, plus a few early 20th century revolutionary works. At a press conference Sotheby's European chairman, Lord Gowrie, emphasised the freedom of choice the saleroom had enjoyed in choosing the works, which he said were by artists who would appeal to collectors in the West. The Soviet representative said that any profits made by the auction would go towards buying works of art for local art galleries.

Arts Guide

July 1-7

EXHIBITIONS

LONDON

The Royal Academy. Cézanne – The Early Years 1859-72. A concentrated and illuminating study of the formative period of one of the greatest artists of the 19th century. Although he came to greatness in his middle and later years, his early work has been generally supposed, is now revealed in all its complexity and contradictory quality. Ends August 21.

The Royal Academy Summer Exhibition. The 220th Summer Exhibition in an unbroken sequence, and still the largest open exhibition of current painting, sculpture, prints and architecture in the world. With 1,361 exhibits chosen from a submission of something above 12,000, the show is as decent and bizarre as ever with many good things to be discovered. Daily until August 7.

Barbican Art Gallery. Art or Nature. A thorough survey of French photography in the 20th century, as part of the Images de France festival. The exhibition is especially strong in the attention it gives to the great individual photographers of the period, such as Kertesz, Cartier-Bresson, Brassai and Atget. Ends July 17.

The Hayward Gallery. (Two exhibitions). Angry Penguins is a fascinating study of a group of young painters active in Melbourne during and just after the Second World War: Sydney Nolan, Arthur Boyd, John Perceval and Albert Tucker are all shown in impressive depth. Also: paintings from the Phillips Collection in Washington. An enthralling selection from one of the great private collections of modern times. Its scope extends from the 18th century to the present day, but its great strength is in Impressionism and Post-Impressionism – Renoir and Cézanne, Braque and Picasso, Bonnard and Matisse. Both shows run until August 14.

British Museum. Ukiyoe – Images of Unknown Japan. This large exhibition of exquisite quality brings to us, through the work of the greatest masters of the wood-block print, the magical "Floating World" of pleasure and the senses that was the city of Edo (modern Tokyo) in the time of the Shoguns – from the 1600s until the 1860s, when Japan was closed to the outside world. Until August 14.

National Portrait Gallery. Paolozzi Portraits. A small but intriguing show of a body of recent work on a subject that has fascinated the Scottish sculptor, Eduardo Paolozzi, throughout his long international career. Of particular interest are the self-portraits, and also the several working studies of the architect, Richard Rogers. Until August 7.

PARIS

Galérie Schmit. French masters of the 19th and 20th century. The discreetly luxurious three storey gallery plays host, yet again, to an exhibition spanning a period rich with creativity and diversity. There is a darkly romantic portrait by Delacroix and an almost abstract Nicolas de Staël landscape. There is a rare Pissarro portrait of his son, Lucien, seated against a window and an early Picasso scene in a restaurant. A still life with a hyacinth and apples by Gauguin surprises by its tenderness, as does Corot's young Italian woman with a red shawl. 396 Rue Saint-Honoré (42.60.36.36). Closed Sundays and lunchtimes. Ends July 16.

Pavillon Des Arts. The magnificence of silversmiths' work in India during the reign of the Moghuls testifies to their love of luxury. Everyday utensils like scissors, knives, betel nut and cosmetics boxes are chiselled and adorned with filigree open-work as richly as ceremonial objects and armour. 101 Rue Rambuteau (42.33.82.50). Closed Mondays and holidays. Ends July 17.

Galérie Odermatt-Cazeau. Guillaumin's deep blue of the Mediterranean, framed by green pine trees and orange earth, entices the passerby into an eclectic exhibition of some 60 works by the masters of the 19th and 20th century. Monet is there with a Giverny landscape, and an unusually structured Bonnard depicts a colourful view of Saint-Tropez through a gap between two tall buildings. 85 bis Rue Faubourg Saint-Honoré (42.66.92.58). Ends July 30.

Daniel Malingue Gallery. Balthus' Lobo's work is a hymn to the eternal woman. In perfect harmony with the material he uses, the Spanish sculptor celebrates with equal mastery the gracefully slender body of a young girl and the full-blown beauty of a mother playing with her child. 26 Avenue Matignon (42.66.60.33). Ends July 8.

Grand Palais. Le Japonisme. 400 exhibits bear witness to the enthusiasm which swept the Western art world for all things Japanese in the second half of the 19th century. Monet decorated his house – even his doors – in Giverny with Japanese prints and built a Japanese bridge to its gardens. Van Gogh collected cheap Japanese woodcuts and represented them in his paintings. Couturiers were inspired by kimonos, and glass makers and porcelain decorators by Japanese motifs. Closed Tue (42.56.09.24). Ends August 15.

NETHERLANDS

Amsterdam. Tropenmuseum. The arts and crafts of Indonesia, illustrated with more than 500 objects in bronze, bamboo, textiles and precious metals spanning 2000 years of cultural history. Ends August 21.

Amsterdam. Rijksmuseum (rear entrance). Divine Bronzes (some no more than 5cm high) illustrate the stylistic development of Indo-Javanese religious images from the 7th to the 16th centuries and their role in transmitting culture from India and South-East Asia to Indonesia. Ends July 31.

WEST GERMANY

Cologne, Romisch-Germanisches Museum. Caesar's Glass. This exhibition is the most important display of Roman glass ever staged. It covers the period from Caesar to Justinian, from the first century BC to the 6th century AD. The 162 pieces are mainly goods from everyday life. Organised by Professor Sabatino Moscati and sponsored by the Corning Museum of Glass, New York, the British Museum, London, and the Romisch-Germanisches Museum in Cologne. The exhibition is sponsored by Olivetti and runs until August 28.

ITALY

Venice, Palazzo Grassi. The Phoenicians. The fourth major exhibition at Fiat's imposing art centre on the Grand Canal attempts to give a complete picture of this extraordinary people, who dominated trade in the Mediterranean for over 1,000 years before their capital, Carthage, was finally destroyed by the Romans in 146 BC. Organised by Professor Sabatino Moscati and sponsored by the Accademia dei Lincei in Rome, the exhibition has been given a highly theatrical presentation by the architect Gae Aulenti. Sarcophagi project at odd angles from a pile of pink sand on the ground floor of the Palazzo; in an upstairs room, model ships stand immobile in a rippling artificial lake, and a huge polystyrene wave engulfs a Phoenician wreck. Many of the 1,300 objects displayed (gold and silver jewellery, statues and reliefs in terracotta, bronze and ivory) are extraordinarily beautiful and the 750 page catalogue, published by Bompiani, is excellent. Until Nov 6.

Venice, Fondazione Cini (Isola di S. Giorgio). Paolo Veronese. An intelligently presented exhibition to mark the fourth centenary of Veronese's death, two-thirds of which is devoted to preparatory studies for his major works in Venice. The last few rooms contain 32 paintings, including several masterpieces lent by US and European Museums. Until July 10.

Rome, Palazzo Dei Conservatori. From *Pisanello* to the Birth of the Capitoline Museum, or classical art on the eve of the Renaissance. An exquisite exhibition of drawings, coins, illuminated manuscripts and sculptures Sixtus IV gave to Rome as the nucleus of the future Capitoline Museum. Ends July 24.

VIENNA

Messepalast. Imago Mexiko. A rich, exotic collection of Mexican art, photographs and graphics from 1900 to 1960. Ends July 31.

NEW YORK

American Craft Museum. An ambitious show that traces the history of American architecture back to the turn of the century and examines the work of artists like Tiffany, Lawrie and Louise Nevelson who were commissioned to add art to the architecture. Ends Sept 4.

Pierpont Morgan Library. Over 300 items from the life and art of Beatrix Potter show the evolution of the artist and her work. Included are the illustrated letter, discovered only months ago, to Noel Moore that became the basis of Peter Rabbit and the entire sequence of 27 watercolours from The Tailor of Gloucester, lent by the Tate Gallery. Ends Aug 21.

CHICAGO

Art Institute. Photographs by Josef Sudek. Using his native Prague as the background, this avant-garde photographer, who died in 1976, captured the lyrical quality of the Czech people and the country's beautiful landscapes. Ends Sept 5.

WASHINGTON

National Gallery. More than 60 masterworks, from a superb 16th-18th century collection of Munich's Alte Pinakothek, include paintings by Rubens, Rembrandt, Titian, El Greco and Van Dyck. Ends Sept 5.

National Gallery (East Wing). To mark the 350th anniversary of the first Swedish colony in North America, the exhibition covers four Swedish monarchies in the 16th and 17th centuries and shows Sweden as a resplendent and aggressive world power through objects and 100 paintings on loan from the Royal Treasury, the National Museum and the royal collections. Ends Sept 5.

TOKYO

Tokyo National Museum. Von Siebold and Japan. Special exhibition of the Japanese art and artefacts from the Netherlands Museum of Ethnology, collected by the pioneer of Japanese studies in Europe, Philipp Franz von Siebold. Von Siebold was the physician at the tiny Dutch settlement of Dejima in Nagasaki between 1823 and 1829, when the rest of Japan was still closed to foreigners. In return for teaching Western medicine and treating Japanese patients, he accepted the art works and other items that became the basis of this important collection. Closed Mondays. Ends July 31.

Tokyo Metropolitan Museum. Paris – the City and its People. Photographs by Atget and Cartier-Bresson, mainly from the 1930s, displayed in one of the loveliest art deco buildings in the world. Ends July 24.

Suntory Museum. Picture Scrolls from the Muromachi Period (14th/15th centuries). Ends July 10.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

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An incomplete prescription

THOSE WHO have sown the wind have reaped the whirlwind. That is the main message of this year's World Development Report from the World Bank. The governments that lost control over their public finances in the 1970s and early 1980s have bequeathed problems with which their countries will continue to grapple for the rest of the decade and probably the rest of the century.

It is unfortunate that sensible analysis and advice on a central issue in economic development – public finance – should read like a primer for diligent, well-intentioned but somewhat foolish ministers of finance. Of these qualities, diligence is the immediate requirement. At 185 pages, the report's readers are unlikely to be the busy people who would benefit most from close study. World Development Reports have doubled in length since their inception, an elephantiasis that needs drastic treatment.

Between 1972 and 1985 the share of central government expenditure in developing countries rose from 18.7 per cent to 26.4 per cent of gross national product. But the report argues that it is fiscal deficits that are the more important problem. For developing countries as a whole the aggregate deficit of central government rose from 3.5 to 6.3 per cent of GNP between 1972 and 1985. In the early 1980s average public sector deficits were no less than 10 per cent of gross domestic product in a reasonably representative sample of highly-indebted, middle-income countries.

Irresistible temptation

"With a few exceptions the countries that developed debt-servicing problems in the early 1980s were those that had significantly increased their fiscal deficits in the late 1970s and early 1980s." The combination of rising prices for a number of commodities (notably oil) with the offer of exceptionally cheap international finance proved as irresistible a temptation as the supply of hard drugs to a school full of bored adolescents.

Just as with drug addiction, tha pain of withdrawal far exceeds the pleasure of the initial dose. Stabilisation has again and again been at the expense of long term structural adjustment. In Mexico, for example, public investment fell from almost 11 per cent of GDP in 1982 to below 6 per cent in 1986. Equally significant, however, has been the tendency for the public sector to cut non-wage costs, so ending up employing an army of people without the resources for them to do anything useful.

Against a background of GDP growth in industrial countries of a mere 2.5 per cent a year in the 1980s, aggregate performance of developing countries has been dismal. GDP per head in developing countries has grown at only 1.8 per cent a year (a little above half the rate between 1973 and 1980), while the highly indebted countries have experienced a decline in GDP per head of 1.3 per cent a year and sub-Saharan Africa a still steeper decline of 2.9 per cent a year.

Broad recommendations

In this context, the broad recommendations for fiscal reform look eminently sensible, but disturbingly inadequate. In addition, have governments really failed to implement such sensible reforms out of foolishness alone? That folly is part of the problem is plausible, but that is not all there is to it. The report pays lip-service to the "public choice" school, which emphasises the selfish interests of those in power, but lays the approach aside in most of the analysis. Yet many of the features of public finance in developing countries can only be explained by the interests of élite groups. Maybe, the most important potential leaders are neither foolish nor well-intentioned.

A still more important question is whether even radical reform would now be enough for many developing countries, given the poisoned legacy of the past and the present unfavourable environment. The report could surely have been more radical in its analysis of global macroeconomic adjustment, which repeats the conventional call for reduced current account surpluses in countries like Japan, Germany and Taiwan.

For the World Bank, a more appropriate and innovative approach would be to welcome the surpluses, but complain about where they are going. What is needed is a call for developed countries to take a far more radical approach to the liquidation of developing-country debt, for the US to stop hogging the world's surplus capital and, last but not least, for developing countries to undertake the fundamental reforms which will encourage renewed capital flows from the rich to the poorer countries of the world. If the world's premier development finance institution cannot articulate such a vision, how are the developing countries ever to escape the whirlwind?

Rule of law in Gibraltar

THE BRITISH Government must ensure that there is a proper public inquiry into the shooting of three IRA activists in Gibraltar at the beginning of March. Ideally, it should take the form of an inquest, as the Government has proposed. It should take place in open court, with all relevant parties in attendance and subject to proper cross-examination. There is now some doubt as to whether this will prove possible. The seven British Army specialists (SAS men) who were involved in the shootings may decline to attend as witnesses, on the ground that if they are identified then they or their families may be subject to IRA reprisals.

SAS men

It is reasonable that they should be protected from such a danger. The immediate question at issue is whether the arrangements offered by the coroner, Mr Felix Pizzarello, offer sufficient protection. The lawyers for the Government argued that the SAS men, described as "A to G", should be visible to the coroner alone; Mr Pizzarello has agreed that they may be screened from the public and the press, but not from the jury and lawyers. The Defence Secretary, Mr George Younger, said on Wednesday that it was a matter for "A to G" and their legal advisers to decide, but he added that they had a perfectly straightforward case to pnt. He was sure tbey would put it. The signals from the rest of the Government have been less positive.

The Prime Minister will be called upon to indicate the next steps. If the soldiers decide to appear on Mr Pizzarello's terms, no immediate further action is required. If, bowever, tbey do not, the Government should not walk away from the proceedings. For there is too much doubt about the precise circumstances in which the sbootings took place. The IRA has admitted that the three of its members who were killed were on "active service," and the Government has insisted all along that these were terrorists who were planning a car homb explosion. But Mr Pizzarello points out that "at the time they came to their deaths, they were neither armed nor did they have any detonating device, nor was there any explosive found in the car left at Line Wall Road."

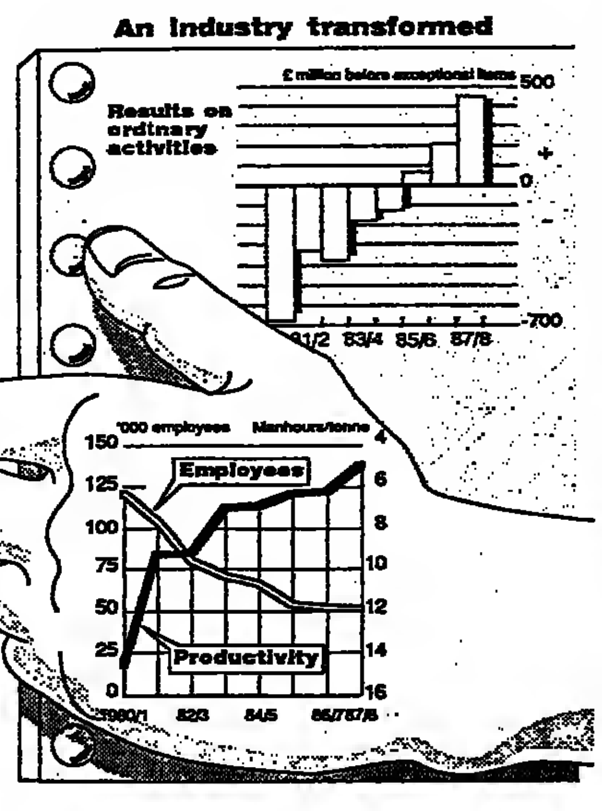
It was the airing of these doubts in advance of the inquest that led the Government, in April, to sucb a hysterical reaction to a television documentary on the shootings. The Foreign Secretary, Sir Geoffrey Howe, asked the Independent Broadcasting Authority to postpone the screening. The IBA went ahead. Yet the Government cannot have it both ways. If it was insisting on the patient unfolding of the processes of law a few months ago, it cannot stand aside if those processes are frustrated now. This is especially true of the present Government, since its obsession with absolute secrecy about all aspects of security makes it doubly important that in matters like the Gibraltar shootings the rule of law is visibly and publicly upheld.

Undeclared war

To say this is not to be oblivious of the menace of the IRA, or of the necessity to combat it. The question is how and under what rules. Any government fights without squeamishness in wartime. Tbare is, however, no declared war between the British Government and the IRA; that would unduly dignify the latter. Is there, however, en undeclared or "dirty" war in progress? There may be a case for snch methods. It does not, however, extend to excusing the British Government from accountability to its own Parliament and public. If an agreement cannot be reacbed whereby the SAS men appear before the Gibraltar coroner, a full public inquiry into tha shootings should be called by the Prime Minister.

Nick Garnett looks at the way ahead for a revitalised British Steel

Forged for a changing market



"IF THIS isn't the moment for privatisation, God help us." Sir Robert Scholey, chairman of the British Steel Corporation and the man most responsible for transforming one of Europe's no-hopers into an industrial winner, had his view, expressed in a recent interview, vindicated by the profit announced by the corporation yesterday.

The £410m figure for last year underscored the dramatic turnround in a business, due for privatisation before the end of the year, which recorded losses of £7bn in a 10-year spell that ended only three years ago and which almost went under in the early 1980s. Six years of huge investment, job losses and a lot of hard work by managers and production workers have helped create one of the world's most profitable steel companies and one of Europe's most productive.

But some might read another, if unintentional, meaning in Sir Robert's comment. Soon, possibly towards the end of this year, the operating conditions in which the corporation's privatised successor will find itself are likely to be more awkward and profit opportunities more restricted.

This raises two fundamental questions for Britain's sixth largest industrial exporter when it is privatised, probably in November. How much are BSC's profits artificially bloated by the extraordinarily beneficial climate in exchange rates and demand? And as things get tougher, how much leeway has BSC to drive down costs further and maintain a healthy profit line?

A great deal, is the answer to the first question. The answer is the same to the second question, but the route BSC will have to follow might be a hard one. Next year's profits could be as high as £500m. But some observers believe that, after that, what might be called the corporation's defensible profit core is more likely to be around £200m to £250m. The figure is significant because BSC needs a substantial cash flow to fund the investment demands of a modern steel business – put by the corporation at around £250m a year. Even its supporters are uneasy about these long term cash demands.

The figure for the defensible profit core excludes the prospect of a catastrophic fall in world steel demand. On the other hand it also excludes the beneficial impact on the corporation's balance sheets of probable plant closures and rationalisations. With shareholders to satisfy after flotation, BSC will have to face up to its over-complicated configuration of five integrated steel-making plants. The yearly operating costs of a BSC plant are around £80m to £100m. In the 1990s one and perhaps two of the five sites might disappear, with Ravenscraig in Scotland the first candidate for closure, perhaps as early as 1990-91.

The way BSC has dug itself out of the pit has been well chronicled. Man hours needed per tonne of steel have dropped from 9.4 in 1982 to about five. Labour costs as a proportion of total costs have fallen from 31 per cent to 20 per cent since 1980. In 1981 the total UK steel industry, in which BSC is dominant, produced 167 tonnes per man year as against West Germany's 227. Now the UK figure is believed to be around 320, passing Germany's 279, though marginally behind that of Italy and Belgium.

Tha two key elements in this have been a £965m investment programme over five years and a reduction in the corporation's labour force from 140,000 in 1980 to 51,600, with the complete or partial closure of a hundred pieces of production kit. Along with this has gone a revamping of the corporation's management structure, a drive towards more value-added steel products, better profit-orientated marketing and a revolution in working practices. Up to 18 per cent of pay is bonus-related, thus giving BSC room to curb its wage bill during fluctuating demand.

All this has put BSC in a strong position to ride through the next cyclical downturn in demand, whenever it comes. Some of BSC's European competitors like Thyssen in Germany and Sacilor-Usinor of France are in profit, but many companies still languish in deficit. In the past month alone Arbed of Luxembourg and Belgium's Cockerill Sambre have announced losses.

There is no doubt, however, that recent exchange rate changes and buoyant demand have been real boons – BSC managers do not like the term "windfall" – to the corporation. Some observers suggest that currency switches have accounted for as much as a half of profits, which the corporation denies.

About 38 per cent of BSC purchases are traded in dollars and purchases are huge. They included last year, for example, £388m of coal, £400m for iron ore and £711m for ferrous alloy. The sterling costs of a tonne of coal which was £46 two years ago is now around £30. At the same time, the D-Mark is the dominant European currency for steel trading, giving a British prodncer great advantage.

The corporation, like most steel companies around the world has benefited from improving demand. The UK market, which accounts for 60 per cent of BSC sales, grew by 16 per cent last year and is growing again this year, though to a smaller extent.

Like currency movements though, the tide will change. The corporation expects demand to flatten out, perhaps at the end of the year. There might also be a weakening of prices in Europe now all European Community internal production quotas have been removed. As the corporation is now one of the strongest European producers, this could work to some extent in its favour.

The corporation can combat some of these negative developments by producing more higher value coated steel and by diversifying if it wishes. It also has a lot of opportunity to lower its production costs further. While the corporation has made great strides in productivity, it is still bebind many competitors in some specific aspects. Labour costs in Japan are heading down to around 16 per cent of total costs and man hours per tonne are below three.

From the beginning of next year, just over 80 per cent of BSC steel will be made by the efficient continuous casting rather than ingot method. This compares with 93 per cent in the French steel industry as a whole, 90 per cent in Italy and 88 per cent in West Germany. The corporation is steadily increasing the proportion. The average savings in going from ingot to continuous casting are believed to be about £14 to £18 a tonne.

The corporation is also not the most efficient user of energy. It has been telling analysts that it is about 20 per cent less efficient than it could be. According to trade union figures, best world practice uses about 9.5 therms per tonne, but some BSC plants are operating on 17 to 18 therms per tonne. Union officials have estimated that savings could be worth £30m to £40m a year. It also has some way to go on what is called statistical process control, or continuous production monitoring to reduce defects.

The corporation, like other producers, is also looking at Japanese-style equipment such as automatic probes for testing liquid steel during production. In some of these techniques, BSC is behind European producers such as Sacilor-Usinor.

Apart from the introduction of new equipment, BSC still has major problems with some plant. For example, its plate mill operations centred on Scunthorpe and Teesside are outdated and inefficiant. A new plate mill would lower tha corporation's cost base further, but at a cost of perhaps £150m.

All this still leaves the issue of the tremendous cash flow BSC needs to fund investment in modernisation and re-equipping. Some of this might be helped by rationalisations among its smaller plants. The survival of the strip mill at Ravenscraig, which transforms liquid steel into strip products, is only guaranteed until next year. But BSC managers and many union officials know that five integrated steel-making sites are too many. Ootput from the Ravenscraig steel making site is required now, But by the end of the decade new continuous casting and blastfurnace capacity will be fully on stream at Llanwern, South Wales. Ravenscraig has 100 per cent continuous casting but its casting equipment is small, it has high rail charges and the cost of producing liquid steel is believed to be about £17 a tonne more than in South Wales.

Many factors out of the control of the privatised BSC will affect its operations. These include the speed at which other European steel industries reorganise and improve their efficiency and the move of aggressive producers like the South Koreans into higher value-added products and into Europe with its existing over-capacity.

Sir Robert said yesterday that British Steel was in the forefront of the UK's industrial rejuvenation. The corporation has put itself in a strong position prior to privatisation. It is better placed that most of its competitors to meet the challenge of an open European market. But the conditions in which steel companies operate are full of uncertainties. If there was a hnge slump in world demand – as happened at the start of the 1980s – all bets would be off.

THURSDAY BOOK REVIEW

Making and Marketing Arms

The French Experience and its Implications for the International System

By Edward A. Kolodziej

Princeton: $ 55

AS THE WORLD'S third biggest arms exporter, France has long carved out a reputation that evokes ambivalent responses from friend and foe: admiration for technical and commercial prowess, snide criticism that the mercantile interests of arms exporters have too often combined with the defiant drive of the French state to assert its national independence.

Over time, admiration has tended to take precedence over criticism. On tha one hand, France has in practice abandoned the role of tha lone troublemaker, as successive Presidents have adapted French foreign policy to bring it into closer conformity with that of the European allies. On the other, France's reputation as a champion arms salesman no longer looks as invulnerable as it once did; last year's arms export orders of Ffr 27bn (£2.6bn) were some 8 per cent up on the previous year's sales, but were way down on the 1984 record figure of Ffr 60bn.

Moreover, the showdown over the European Fighter Aircraft project three years ago has cast a dark shadow of uncertainty both over the future of that symbol of the French arms industry, Avions Marcel Dassault, and over the effectiveness of the role of the French state in overseeing the international dealings of the arms industry.

Ostensibly, France will now go its own way with the Dassault Rafale, while Britain, West Germany, Italy and Spain taka a different path with their joint EFA project. Yet, in practice, it hardly seems realistic to suppose that France can afford to develop and build a new-generation fighter just for its own use, and almost equally unrealistic to imagine that it can find enough export markets to bring the costs down to manageable proportions. Suddenly, it seems as though France's triumphant progress in the international arms market may be reaching a crossroads.

Edward Kolodziej's study of the French experience was described in the Times Literary Supplement earlier this year as "the definitive work on this remarkahle phenomenon". Unquestionably, Professor Kolodziej's book is a monument to painstaking research and its coverage is impressively comprehensive. He has investigated in great detail the sales of different types of equipment to different types of market, the progressive concentration of the industrial structure of the French arms industry, the shifting complexities of the administrative machinery of the Délégation Générale pour l'Armement, and the development of France's defence posture. No one interested in the subject can afford to neglect this work, which is an essential starting point for any future studies.

Yet I conld not help feeling that Professor Kolodziej's reach exceeded his grasp and that, precisely because of the ambitious scope of his undertaking, he aroused expectations which he was unable fully to satisfy. This is partly because the book is already somewhat out of date: many of the tables of statistics stop as far back as 1980 and the text is correspondingly thin on events which have taken place in the past five years. It fails, for example, to cover the drama of the battle between Rafale and the European Fighter Project, the radical downturn in the international arms market or the parallel growth of French interest in European co-operation.

This is a pity. One cannot expect academic books to be absolutely up with the news and a certain historic perspective is necessary for detachment and penetration. Yet the aevan years of President Mitterrand's first mandate have marked such a fundamental turning point in the discourse of the whole French establishment on the subjects of defence, the alliance and industrial policy, that a thick book which fails to mention it seems excessively historicist.

Professor Kolodziej has undoubtedly provided a new corpus of information about French efforts to promote a policy of exporting arms. What is not so clear is why they did so or what benefits it really brought them. The initial impulse of General de Gaulle, the author tells us, was to challenge tha superpowers and arms exports were just one more way of carrying out that challenge. But the evidence that arms exports were ever a reliable lever for imposing more specific French foreign policy interests is obstinately elusive and Professor Kolodziej admits that "it has long been an open secret within the arms transfer bureaucracy that no clear foreign policy guidelines direct arms transfer decisions."

He has also been unable to discover any economic analysis indicating that the French civilian economy has benefited from sustained investmant in the arms industry. Given the inherent secrecy of the system, one is left with the feeling that the arms industry and the Defence Ministry simply converged on a mercantilist strategy, with the original impulse of political trouble-making which came from De Gaulle, and the practical inspiration provided by an aircraft manufacturer of genius in Marcel Dassault.

Such a picture of the French experience is pretty much embedded in a past which is no less past for being recent. De Gaulle's political successors heve virtually ditched his foreign policy objectives, and Marcel Dassault's industrial successors seem unlikely to be abla to replicate his achievements. It is precisely because the future promises to be so significantly different from the past that one wishes that Professor Kolodziej had been able to penetrate that past a little bit more deeply.

Ian Davidson

OBSERVER

Man born in a bottle

■ Antoine Riboud, chairman of French food group BSN, who adopted a "godfather" to help him make his mark in Italy, has followed an equally intelligent route into the Anglo-Saxon grocery trade by huying an established name.

It was a link with the mighty Agnelli family which levered BSN into world prominence in the pasta husiness, and Riboud expects similar things of that most British of institutions, HP Sauce.

"I was born in a bottle," the former glass manufacturer told a bemused gathering in Brown's Hotel, London yesterday. The purchase of HP and Lea & Perrins from Hanson would take BSN into the beartland of Anglo-Saxon lifestyles, claimed Riboud. "We cannot do it ourselves because we are Latin."

Undeterred hy an andienca bursting to grill him on the high price and his plans for the exploitation of a product whicb the Englisb wrongly believe makes French people squirm, the *patron* relieved himself of a 40-minute discourse on the history of his company.

He revealed, for example, that ha was brought up in the Anglo-Saxon way by an Oxford-educated father and fellow student of Lord Halifax, the man who nearly becama wartime Prime Minister.

Thus for Riboud the possibility of taking over the sauce, pickles and baked beans business was given added flavour when he learned the code-name chosen by Hanson for its latest disposal was Halifax.

The deal may also be the first directpay-off to Alexanders Laing & Cruickshank by Crédit Lyonnais, which is now the dominant ownar. Christopbar Poulton, managing director for mergers and acquisitions at the London firm, says that he used the Crédit Lyonnais network to find BSN as a huyer.

Almost anonymous

■ Marks & Spencer Financial Services has a touch of word blindness in the case of Russell Westwood, a Welwyn Garden City computer specialist who applied for an M&S chargecard. In completing the form, he noted that he had no middle name.

The company accepted his application, but when his card arrived it was embossed "R NONE WESTWOOD".

Two months later Westwood is still waiting for a new card, correctly titled. Meanwhile, Marks & Spencer Financial Services has written to him offering him a card protection service. The letter is addressed to Mr R NON.

Left wing crofters

■ Scottish Labour MPs from mining constituencies have been told that their area of the National Union of Mineworkers now has fewer members (an estimated 3,500) than the Scottish Crofters Union (over 4,000).

This sign of the times, bowever, does not necessarily help the Government. To judge by last year's general election results, the entrepreneurial crofters of the West Highlands are as reluctant to vote Conservative as the miners of Fife.

Schmidt's riches

■ Helmut Schmidt, the former West German Cbancellor, says that for the first time in his life be has found out what it is to have money.

Schmidt, who is now co-publishar of tbe libaral Hamburg weekly Die Zeit, has exceeded even the most optimistic expectations with sales of his latest book, Menschen und Mächte (People and Power). It is about relationships between the superpowers, Europe and China and has been at the top of the German bestseller lists since it came out last autumn.

Over 380,000 hard-back copies have been sold; another 200,000 will come in a book club edition. The English edition is not yet out, but it has been translated into several European languages as well as Chinese.

Meanwhile Schmidt is working on a book on Europe. He is not someone one imagines as a great writer, so what is the reason for his success? Schmidt says that Germans are eager to read him because they are fed up with the mediocrity of his snccessor, Chancellor Kohl.

Swedish nights

■ There are now over 38,000 bank cash machines in Europe. The busiest of them is in Stockholm central railway station. In a single month last year it handled a total of 25,895 transactions, or one every two minutes day and night, a feat for which it has been awarded a prize by Battelle, a corporate research company.

The prize last year went to a machine in Aberdeen: something to do with the long light nights in the north.

Kensington exit

■ Kensington, as anyone who tries to follow British politics must know by now, is a very odd constituency. It is an epitome of the north-south gap, the divide between rich and poor, though of course nothing is ever quite as clear-cut as that.

The oddity about the current by-election campaign is the reluctance of the candidates to make a virtue out of the variety of the place. One would have thought that a chance to represent black and whita, the rich and the down-and-outs was a politician's dream. Yet you will not find any of that in the campaign literature: only some dreary stuff about crime and the poll tax.

It probably doesn't matter. The constituency will almost certainly be abolished after the next boundaries review. It had an electorate of less than 50,000 at the last general alection – way below the norm – and a turn-out of only 64.7 per cent. Some of us will miss it.

The likely demise of the seat helps to explain why there were not so many Tory applicants as might have been expected. After all, an awful lot of would-be politicians live there.

Meanwbila, one has heard, more good words for Sir Brandon Rhys Williams, the Tory MP whose death caused the by-election, than one ever heard when he was alive. He understood the constituency.

No synergy

■ An industrialist's comment on the Britisb Aerospace takeover of the Rover Group: "If you make a car like an aeroplane, you won't be allowed to drive it. And if you make an aeroplane like a car, you won't be allowed to fly it."

ECONOMIC VIEWPOINT

Why we need moving bands

By Samuel Brittan

DOES ANYONE remember all the solemn prognostications at the beginning of this year about both the need for and the likelihood of a further sharp fall in the dollar because of the US payments deficits? Market realist and Harvard pundit were agreed on the prospect, although the realist was more likely to be alarmed by a plunging dollar while the pundit was more inclined to urge it onwards. Which of them predicted that by July 1988 the Bundesbank would be raising interest rates and selling dollars to prevent the dollar from rising too far against the D-Mark?

The same sort of people only three months ago were expecting sterling to rise to DM3.4 or DM3.5 and egging Mrs Thatcher on to use a soaring pound as an anti-inflationary weapon. Who would have thought that sterling would weaken so much that UK base rates could be raised to 10 per cent with sterling well below its 1988 peak?

Some people would conclude from such observations that exchange rate management is futile. My conclusion is that the expectations in financial markets are weakly held and that participants are more than willing to respond to a convincing lead from governments and central banks, if that lead is backed by appropriate policies.

The key to gaining improvement is that exchange rate objectives must allow for change

Nevertheless, the existing mechanism of currency management suffers from serious weaknesses, which need to be remedied fairly urgently. It is an evasion (used to cover disagreements between and within European governments) to say that nothing can be done until the US presidential elections. If thought is not given to the questions now, on both sides of the Atlantic, coherent policies will not be possible after the election either. Moreover, there is a great deal that can be done already, both within the European Monetary System and in relation to sterling policy.

Since policy switched towards the end of 1986 from trying to bring the dollar down to putting a brake on its fall, the foreign exchange markets have been in alternating phases. At times such as early 1987 and the end of that year, the markets have been sceptical of policy statements and there have been fears that the dollar would go into free fall. At other times, such as last summer and this summer, confidence in the dollar has been so strong as to take it towards – or in the present case above – the upper end of the reference ranges which the Group of Seven have established. Indeed perverse dollar strength could threaten the improvement in the US balance of payments and force other countries to raise interest rates further than they would like to on domestic grounds.

A similar pattern has been seen in sterling. At times the Chancellor's belief in a stable exchange rate has attracted funds to London to take advantage of the interest differential and put perverse upward pressure on sterling. More recently, worries about the highly misleading trade figures, together with City talk of "overheating", have created a downside risk for sterling and enabled the British Government to maintain a large interest differential over West Germany and other hard currency countries.

The fact remains that if recent policy moves – and perhaps a better turn of the roulette wheel in future trade figures – reduce market doubts about sterling, London's high interest rates could start attracting funds again. This would reopen the debate about how much weight to give to sterling in setting monetary policy, which was the cause of the celebrated row between the Prime Minister and Chancellor.

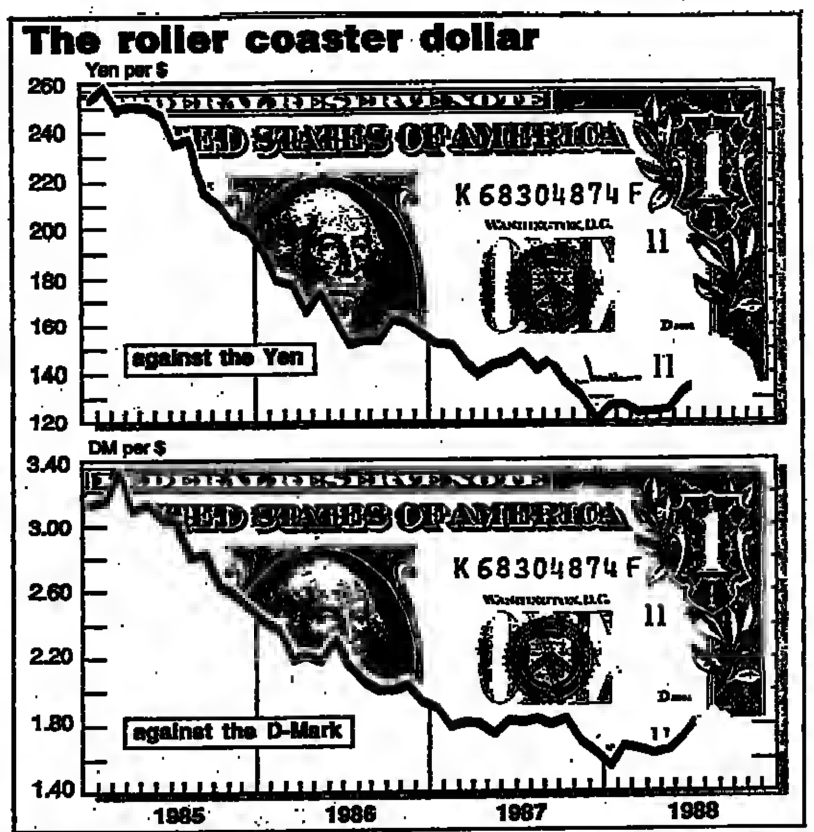
A similar tension is becoming apparent in the EMS. As capital market liberalisation proceeds, it will become more and more difficult to sustain, for instance, a large interest differential between France and Germany, while maintaining confidence in present parities and avoiding a realignment – as is the French Government's intention for anti-inflationary reasons.

The eventual answer to these dilemmas should be permanently fixed exchange rates and a common currency, first in the European Community and eventually among the Group of Seven and thus the industrial world.

But it is not good enough to wait for this to happen. Something, albeit well short of monetary union or the permanent fixing of rates, can be done to limit perverse currency movements. Indeed the best route to monetary union probably lies in trying first to reduce the magnitude of exchange rate changes rather than in abolishing them prematurely.

The clue to improvement is that countries can have exchange rate objectives and maintain interest rates different to other countries, *provided that the exchange rate objectives allow for change.*

This can be illustrated in the case of sterling. If the pound is at around DM3.10 – to round downwards – and UK short-term rates are 5 percentage



points above German ones, the implication is that sterling will fall by 5 per cent over the next year, that is, it will fall to around DM2.95. If this is acceptable, well and good. Whether it is will depend partly on the view taken of the D-Mark itself; but exchange rate management is better conducted against actual currencies than some basket which is never actually traded.

This is not to say that the financial markets can predict sterling a year from now. I am merely saying that an exchange rate objective must respect current expectations if it is to be viable.

Let us translate this little homely example into a target or reference range for sterling against the D-Mark wide enough to take into account unexpected events or changes of market sentiment. If a suitable range for sterling today is DM3.00 to DM3.20, this implies a range of DM2.85 to DM3.05 in a year's time.

One can take the exercise further and look at the roughly 3 percentage point gap between British and German long bond yields. That is not a bad guess of the likely difference between German and British inflation rates over the long term or the likely average annual speed of sterling's depreciation against the D-Mark over the next decade. If the British Government can surprise the market by eliminating the inflation differential (in prices of traded goods), the interest differential will have to go as well. But this narrowing can be achieved gradually as expectations begin to change. The focus of policy has to be on the short-term rates more easily influenced by the Bank of England.

This, however, is a slight digression. What I have gently led up to in my discussion of exchange rates is nothing but a combination of two familiar suggestions: a target zone or reference range and the (hideously named) crawling peg. The simplest name would be a moving band.

The problem with a static target range is that as soon as upward or downward pressure takes the exchange rate to near the edge of it, the speculator is faced with a one-way bet. He stands to gain if the country cannot maintain the band, and has nothing to lose (apart from overnight interest costs) if the country succeeds in avoiding a parity change.

The basic rule for a moving band has long been known. It is that the maximum change in the central rate should be less than the width of the band. There would also have to be a limit on the frequency of realignment if exchange rate management is to have any reality. I mentioned on this page on June 23 the Banca d'Italia plan to allow bilateral fluctuations within the EMS of 3 per cent, around the central rates, thus giving a total spread of 6 per cent. Changes in the central rates would be limited to 4 per cent and not take place more than once a year.

The moving band is ideally suited to an association such as the EMS, where there is general agreement that realignments should only be sought to reflect losses of competitiveness.

Even the existing EMS arrangements, with 2¼ per cent margins and a spread of 4½ per cent, have been quite successful in staying within the stability formula. The 11 EMS realignments we have seen since 1979 have involved 137 changes in bilateral central rates. Of these, 99 have been smaller or equal to the width of the band, and 38 larger. (These calculations, which exclude the Italian lira, have been made by Professor Peter Kenen and will appear in a forthcoming Chatham House paper.) It is partly because realignments have been smaller and more frequent that the EMS has avoided many of the problems of Bretton Woods.

A Group of Seven moving band would have to be wider than any suggested for the EMS. Even then it may encounter problems in a global setting, where exchange rate changes are less closely related to inflation differentials than they are in the Community.

Clearly a moving band would have been helpful on those occasions when the dollar was bumping against the lower edge of its reference range. This is because a modest change in the central rate would then have avoided giving markets the impression that the central banks were committed to rigid target ranges, any retreat from which was to be seen as a defeat.

A moving band does not have the same mechanical advantage when the dollar is at the upper end of a range which no one expects to be raised. Even then, however, there would surely be some psychological advantage in a system which reminded the market that the long-term trend of the dollar had been downwards, and that this was quite consistent with the Group of Seven objectives.

Central bankers fear that if they were open about their objectives they would be forced into over-rigid and unrealistic commitments, although a cynic might suspect that their real motivation is that they do not share the objectives which are forced upon them by governments. In any case, unrealistic commitments arise mainly because objectives are badly thought out and not properly specified.

Lombard

Drugs, legal and illegal

By John Lloyd

BRITAIN'S drug barons are worried men. Some of their biggest-selling lines are dropping, as the addicts on whom their business depends seem to find willpower to kick the habit.

Where 52 per cent of the population was hooked on tobacco in 1972 (probably the peak year), only some 35 per cent is now. After three decades of steady growth in the consciousness-altering drug called alcohol, the 1980s have shown a levelling in its use – even possibly a bit of a drop. The beer drug and the spirits drug have certainly fallen off. Brewers are moving into non-alcoholic beer to keep their production and profit levels up; but distillers have not come up with a comparable wheeze yet – a fact which causes many expletives to run undeleted through the glens.

Naturally, these barons violently dislike being referred to in the same terms as Colombian gang bosses or Burmese warlords. Mr Peter Mitchell, a director of United Distillers, has called such equations "unreasonable and absurd." Quite right, on one level: he and his fellows do not break the law. But they make and sell substances which, like marijuana, heroin and cocaine, have been used and abused by mankind for centuries – for pleasure, for ritual and for healing.

It might also help the – often fevered – discussion on drug use in western Europe and in tha US if the barrier of law and custom which generally separates tobacco and alcohol from others is, for debating purposes, set aside. It is an old but useful line in that debate that, had alcohol been discovered only recently, it would never have been legalised. The point illuminates the anomalous position occupied by the illegal drugs whose use, almost everywhere, seems to be increasing.

Figures are extremely hard to trust, but researchers reckon that there may be some 1m people under 40 in the UK who have tried or regularly use cannabis; as many as 100,000 who have tried, or regularly use, opium or heroin or other "hard" drugs. In short and in general, we are going off the drugs we can buy openly, and becoming hooked on those which have to be bought at risk to freedom.

The other drug barons do well out of this. Men like Mr Pablo Escobar (credited with creating the infamous drugs cartel based in and around the Colombian city of Medellin) or Mr Khun Sa (a northern Burmese trafficker and "freedom fighter") live in a world apart but serve the same insatiable markets of their own countries, western Europe, and the "golden triangle" of New York, Los Angeles, Miami and other north American cities. Such men can defy, even buy, their own governments, and sometimes (like General Noriega of Panama) defy the US government too.

A final point: it may be that the legal drugs are more dangerous to your health than the illegal ones. Tobacco and alcohol are – we more or less surely know – injurious. Cannabis may well be less so. Even heroin, taken pure, may not be deadly – if contained; but research is too scanty to allow certainty.

These trends have swayed sober people like some US city mayors, some pressure groups and the Economist newspaper, to call for the controlled legalisation of illegal drugs. The gains are obvious: de-gutting the real drug barons; lifting a criminal, often deadly underground culture into the status of a controlled addiction; the ability to use the same techniques of pressure and education which are, apparently, having some success in reducing the use of legal drugs.

The logic is hard to resist in the case of the pleasantly dreamy narcotic, cannabis. Dutch de-criminalisation and licensing have been accompanied by a fall in cannabis use.

The opiates are a harder case: the addiction is much stronger, and much quicker, than alcohol. Those willing to tolerate cannabis de-criminalisation usually draw the line thereafter, on the assumption that a harder crackdown, better co-ordinated internationally, will succeed in turning down the growth curve.

But if it does not? The facts of the drug trade, good and bad, legal and illegal, do not allow for the striking of easy postures.

Letters to the Editor

It is important to the City that trans-European companies emerge

From Mr F.B. Hayes.

[illegible]

F.B. Hayes,
Coopers & Lybrand,
Plumtree Court, EC4

Legislation to privatise the electricity industry should be delayed

From Mr John Lyons.

[illegible]

John Lyons,
Engineers' and Managers' Association,
Station House,
Fox Lane North,
Chertsey, Surrey

'Present race relations policies are not producing the desired result'

From Mr Anthony Cowgill.

[illegible]

Anthony Cowgill,
British Management Data Foundation,
Highfield,
Longridge,
Sheepscombe,
Stroud, Gloucestershire

FINANCIAL TIMES
Thursday July 7 1988

Judy Dempsey charts the rehabilitation of a great Hungarian composer and his music

Béla Bartók comes home to rest

AFTER a long trip across the Atlantic, across the English Channel and finally across Europe, the remains of Béla Bartók, acknowledged as one of the finest composers of the 20th century, will finally be laid to rest in Budapest today.

The cortege, consisting of Hungarian-born Bartók's two sons, Béla and Peter, stopped in Vienna on Monday evening before winding its way across the Austro-Hungarian border at Hegyeshalom. In Budapest, the remains lay in state at the Academy of Sciences before today's burial in Farkasréti cemetery in Buda, the resting place of Hungary's other great composer, Zoltan Kodály, and the writer Dezso Kosztalanyi.

The event is of great significance for the Hungarian authorities, who for years have been trying to have Bartók's body returned to his native land.

Although Bartók, tired of chauvinism and rising fascism, left Budapest in 1940 to settle in New York, where he died on September 26, 1945, officials from the Ministry of Culture say Bartók never "intended to emigrate. He did want to come back." They decline to say whether he would have returned to a Communist-ruled Hungary.

On a more emotional level, the Hungarian Government is almost obsessed in wooing back its heroes and those who emigrated during the Second World War or during the bloody uprising of 1956. For them, any Hungarian who emigrates represents a loss to a country obsessed with losing its national identity, culture and, especially, its rich language.

Bartók – born in 1881 in the little town of Natyszentmiklos, now in Romania – was not only a great musician but he managed to immortalise Hungarian music through his blend of folk song and idiom.

His methods, however, often came under fire from Hungarian critics, especially during the early 1900s, and later in the 1930s, largely because he refused to be constricted by Hungarian culture.

During Bartók's fascinating travels through the villages of *Transylvania, which until 1918* was part of Hungary, and deep

Béla Bartók photographed in Budapest in 1911 at the age of 30

into the small Romanian villages, and later in Anatolia and Yugoslavia, he spent hours listening to old men and women singing folk songs.

He must have cut a strange and forbidding figure. Equipped with recording equipment and dressed in a big hat and soft leather boots, he persuaded the wary and often astonished villagers to sing into his machine.

Excited by the originality of the melodies and lyrics and especially the pentatonic structures, Bartók transcribed the songs on his return to Budapest and used them as inspiration for his string quartets and his wonderful piano music, which Hungarian children still cry over today because the pieces are so difficult to play.

It was also difficult for Bartók himself to convince the critics about the richness and originality of his work. Indeed, after he wrote the "*Romanian Dances*" in 1913, he was accused of betraying the Hungarian nation. "We would like to know why Béla Bartók, professor at the Hungarian Royal Academy of Music . . . is not interested in any kind of Hungarian music. He has become an apostle of Czech, Romanian, Slovak and God-knows-what other *kind of music, abandoning the* music of Hungary," quipped one Budapest critic.

Thankfully, Bartók could at least rely on Nyugat, the marvellous journal founded in Budapest in 1908 by liberal-minded and western-orientated Hungarian intellectuals who rushed to his defence. Their support, however, was not enough to fend off the Hungarian chauvinism, conservatism and the rising tide of fascism.

During the 1930s, his string quartets and his opera, "The Magic Mandarin" were also condemned on the grounds of their complexity, or else decadence. Tired of the growing intolerance, Bartók left Budapest, never to return.

Bartók's role in Hungarian music can be measured by the attitude of the authorities, particularly during the Stalinist years *of the late 1940s and early 1950s*.

"Socialist realism" in the arts meant that his third, fourth and fifth string quartets could not be performed because they were "inaccessible to the broad masses." As for "The Magic Mandarin," which tells the story of a prostitute falling in love with a mandarin, it "smacked of bourgeois decadence."

But, after 1955, all of Bartók's works appeared again on the repertory and now Hungarian musicologists yearn for the day when they are given the go-ahead to start the first critical and complete study of Bartók's works.

They might have some success now that Bartók's remains are finally back in Hungary. But they had to wait years largely because Peter, who lives in New York, and Béla, who is head of the Unitarian Church in Hungary, never thought the time was "quite right" for their father to return to Communist Hungary. They *changed their minds, unwilling* for the remains to become a tug-of-war between the US and Hungarian governments after their own deaths.

There was even a hiccup during the final negotiations. The Hungarian authorities suggested the remains be buried in the Mezoe Imre cemetery in Pest, where Hungary's great poet, Endre Ady (1877-1919), and Lajos Kossuth (1802-1894), the Hungarian nationalist, are buried. It is also regarded as the cemetery for the country's leading communists. The sons, however, insisted and it was agreed that their father be buried at Farkasréti cemetery near his two wives and near his close friend, Zoltan Kodály.

British Steel posts record earnings of £410m

By Nick Garnett and Philip Coggan

THE British Steel Corporation (BSC), which is due to be privatised before the end of the year, yesterday announced a record bottom line profit of £410m ($738m) for the year to April, making it probably the world's most profitable steel company.

The net profit, the biggest in its history, compares with £178m for the previous year and £38m in 1985-86 following seven years of heavy losses. Turnover jumped last year to £4.12bn from £3.46bn.

Total liquid steel production at 14.7m tonnes was the highest since 1975-76, while its steel deliveries in the UK rose by 18 per cent and exports by 17 per cent.

November looks the most likely date for privatisation, given that Racal, the UK electronics group, has already announced its intention to float off Vodafone, its telecommunications subsidiary, in October.

No details of the issue have yet been made but analysts suggest the company will be valued at between £2bn and £2.5bn.

The issue is expected to be targeted more towards institutional rather than individual investors and may be given a higher than average yield to attract those who fear steel is a highly cyclical industry.

After privatisation, BSC wants to move eventually towards a holding structure in which its six main divisions would be separate companies, perhaps with their own control on investment. BSC managers made it clear yesterday, however, that the corporation was not yet ready for such a structure.

Sir Robert Scholey, the 66 year old chairman who intends staying with the business until he is 70, indicated that the BSC had been looking at possibilities for diversification. The corporation had "ambitions" in this field but such a strategy needed a great deal of careful thought.

Sir Robert said BSC regarded "calmly" the open market within the European Community where the last internal steel production quotas have been abandoned.

The corporation has been uneasy about suggestions by some UK Government ministers that BSC products were about to invade mainland Europe. Sir Robert said the corporation had no intention of abandoning its domestic customers in order to seek further markets in the EC.

He was unperturbed about possible moves by some European producers – led by West German steel companies – to try to reverse BSC debt write-offs *already agreed by the British* Government.

BSC's profit on ordinary activities after interest but before exceptional items was £435m in the year to April, against £206m last time.

Productivity for producing a tonne of steel improved from averaging 6.2 man-hours 1986-87 to 5 man-hours.

Deliveries in the UK rose to 7.7m tonnes and exports to 4.4m tonnes, 35 per cent of total steel deliveries. Margins in some divisions increased significantly, partly because of the production of higher-value-added products such as coated steel.

THE LEX COLUMN

Gulliver takes the chair

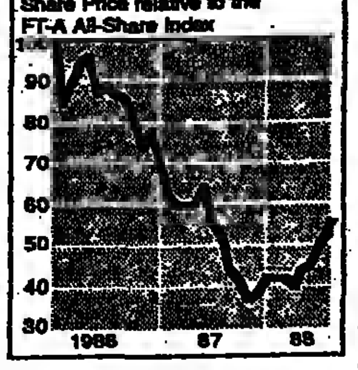
The bright new vision of furniture offered by Mr James Gulliver has a certain seductive charm. Furniture retailing, the story goes, is still fragmented in the way food retailing used to be. Furniture makers are small-time, demoralised, and – like the retailers – still obsessed with price when the customer wants quality. The industry is poised for a shake-out, and whoever solves the fundamental problem of supply is going to make a killing.

The problem lies not with the diagnosis, but with the cure. Even an expert cajoler of suppliers like Marks & Spencer is finding the development of its furniture business slightly slow going; and Mr Gulliver's associate Mr Dayan (late of Currys) may find UK furniture makers less prompt to respond than Far Eastern suppliers of electronics. This is not to cast doubt on the strategy, but on its timing; and a venture as highly geared as this one needs to perform to timetable.

Granted, there are simpler steps which an energetic new management can take – gingering up the sales staff, revamping promotion – in carpets as well as in furniture. And though borrowings will stand initially at £260m – producing negative net worth for the group – there is the confident expectation of over £100m of disposals within nine months. Thereafter, earnings for the year to January 1990 are projected at close to 10p per share, and hence the valuation of 100p assigned to shares in the new vehicle.

On the assumption that the deal is done, the central question for Harris Queensway shareholders is whether to accept 100p cash for the bulk of the shares they will be offered in the bid. Anyone who missed the Woolworth buyout might jib at the risk of being left out this time, though it should be recalled that Woolworth had the twin advantages of a massive consumer boom and a hugely undervalued property portfolio. There are those who believe the new shares will open at 120p next month, but much will depend on the market's second thoughts in the meantime.

Harris Queensway
Share Price relative to the FT-A All-Share Index



British Steel

From the marbled paper, pull-out flaps and glorious colour of British Steel's annual report, one might have thought it was in the private sector already. Were that the case, yesterday's 137 per cent increase in pre-tax profits – backed by every financial and operating ratio moving the right way – would surely have pleased its new owners. As it was, last year's remarkable performance may merely strengthen the suspicion that British Steel is coming to the market at the top of the cycle and with its recovery behind it.

It is easy enough to make the bearish case. Last year strong increases in demand mopped up excess capacity and thus had a disproportionate effect on profits. Exchange rates were as good as could be, with a weak dollar keeping costs down, and a strong DM holding selling prices up. Moreover, the easy gains to productivity have now been made, and further improvement will be harder to come by; while the new prospect of a quota-free European market serves to add another unwelcome uncertainty.

However, yesterday's figures suggest this view – a favourite in the City just a few months ago – may not be the correct one. Demand in the UK is showing none of the expected signs of weakness, implying at least one more year of booming profits. Even though currencies are already less kind, the difference between DM3 and DM3.10 seems marginal, while the dollar is less important anyway. As far as quotas go, British Steel may arguably pick up more of the European market than it loses of the domestic one; while a price war is unlikely given high capacity utilisation and the financial straits of some of its competitors. The City may be warming to British Steel; if offered the yield of a BP and the p/e of a Rolls Royce, it could doubtless be persuaded to buy it.

BSN/Hanson

In fairly standard Gallic style, BSN chairman Antoine Riboud spent rather more time elaborating his philosophy of sauces to yesterday's London press conference than justifying a price which at first glance looks like just so much more brand-driven nonsense. BSN appears to have based its acquisition of HP Foods and Lea & Perrins on Mr Riboud's theory of the "debanalisation" of food – less imaginatively put, on the principle that as the raw materials of a meal become ever blander, sauces are essential to make the food taste of anything at all. But not even the ebullient Mr Riboud thinks he can sell brown sauce to Frenchmen, and the true rationale for the deal must be the distribution network which it gives BSN in the UK.

But if HP is supposed to be the thin end of the wedge into the UK market, it could prove to be a very thin wedge indeed. BSN assured the market yesterday that it would be possible to carry many of its other consumer products into the UK market on the back of a sauce bottle; and that HP was the best company to play this piggybacking role. But until yesterday, the market had thought United Biscuits a more suitable vehicle, and Mr Riboud's assertion that UB was ruled out because it was not "available" is surely a matter of opinion.

As for the price – which represents an exit multiple of 21.5 times earnings – Mr Riboud is no doubt right to point to BSN's 1986 acquisition of Générale Biscuit; *a multiple of 30 reduced to* 11 within 18 months. This is good going, but Lord Hanson can go one better: yesterday's disposals bring the takeout multiple on Imperial Group down to the princely sum of two times earnings, with only £300m of the original £2.6bn price not yet recouped through disposals.

Rover

The 0.2 per cent of Rover's shares still with the public continue to exert their niggling influence. Yesterday's suspension, it appears, had nothing to do with affairs of state, merely with the suspicion of leaks about the price which British Aerospace might propose to offer the minority holders. The really unsatisfactory situation lies with the shares of British Aerospace, and the sooner that uncertainty is cleared up the better.

UK admits Japanese dealers to government securities market

BY DAVID LASCELLES, BANKING CORRESPONDENT, IN LONDON

THE UK is about to lift its ban on Japanese securities firms acting as dealers in the gilt-edged market.

The decision has been taken by the Department of Trade and Industry after top-level discussions between the UK and Japanese governments including at one point Mrs Margaret Thatcher, the British Prime Minister, and her opposite number, Mr Noboru Takeshita.

The DTI declined to comment on the position last night. However, news of the decision is expected to be conveyed to the Japanese shortly through the Bank of England, which is responsible for regulating the gilt-edged market.

The ban, which was never officially announced, was imposed earlier this year in a move to put pressure on Tokyo to grant freer access for UK securities houses and investment banks to the Japanese securities markets. In particular, Barclays de Zoete Wedd, the investment banking arm of Barclays Bank, and James Capel, the London stockbroking subsidiary of the Hongkong and Shanghai Bank, had been applying unsuccessfully for some time for *seats on the Tokyo stock* exchange.

The victims of the ban were two Japanese securities houses, Nomura and Daiwa, which had been officially recognised as gilt-edged dealers by the Bank of England, but were told at the last minute that they could not start trading.

Neither Daiwa nor Nomura were prepared to comment on the situation last night, but Nomura said it expected to make an announcement about its plans today.

It was not clear yesterday whether the UK felt it had received sufficient assurances from the Japanese about the treatment of UK houses in Tokyo to reverse its position, or whether it had simply backed off. However, Mrs Thatcher has taken a close personal interest in the problem, and she discussed it with Mr Takeshita at the Toronto economic summit last month.

Neither BZW nor Capel have received any news about their applications for TSE seats. Mr Peter Quinnen, Capel's chairman said last night: "We have heard nothing definitive, but we are reasonably optimistic." The Bank of England declined to comment.

The ban has been a source of some embarrassment to all concerned because the UK prides itself on the openness of its markets, and no one wanted to be identified with a restrictive action of this kind. UK financial services legislation contains reciprocity requirements for foreign banks and securities houses operating in the UK, but the UK prefers to keep them as a stick in the cupboard.

UN to take up Iran complaint over Airbus

By Our Foreign Staff

THE United Nations Security Council has agreed to take up Iran's complaint against the US over the shooting down of the Iranian Airbus.

The International Civil Aviation Organisation has also said that it will hold an emergency session on July 13 to discuss the incident. The Montreal-based UN body is likely to decide to call for its own independent investigation of the incident.

The US says that the incident was a regrettable accident. Iran charges that the US carried out a premeditated terrorist attack in shooting down the Airbus.

Mohammad Ja'afar Mahalatti, the Iranian delegate to the UN, said yesterday the US should apologise to Iran and immediately start to withdraw its forces from the Gulf.

The US Navy is already conducting its own investigation into the affair, and US investigators reportedly interviewed the commander and senior officers of the USS Vincennes yesterday. Many questions about the incident remain unanswered, including the aircraft's flight profile and the USS Vincennes' failure to identify it as a civilian aircraft.

Although the US has not objected to the UN debate, it still holds the right to veto any Security Council resolution. Britain also has veto rights and has accepted the American version of the incident.

The US said yesterday that it was now considering whether to pay compensation to victims of the families.

French dairy producer buys British

Continued from Page 1

Worcestershire sauce market. Daddies is the second largest UK ketchup brand. The company also includes HP baked beans and Epicure pickles.

BSN, advised by Credit Lyonnais and Lazard Frères, will pay Hanson £53m in cash for a holding company grouping HP Foods and Lea and Perrins, a US-based company, and will in addition assume £146m of debt.

HP and Lea and Perrins had combined sales of about £72m in the UK last year and of about £20m in the US and Australia.

W Germany wins $974m liner

BY KAREN FOSSLI IN OSLO

WORLD CITY Corporation, the Norwegian luxury liner company formed by the Norwegian shipping magnate Mr Knut Kloster, yesterday signed a NKr6.4bn ($974m) letter of intent with four West German shipyards to build the world's largest luxury cruise liner.

Mr Kloster's "dream ship", to be called the Phoenix, is described as a "world city on the sea".

With a gross tonnage of 250,000 tonnes, it will be 380m long, 77m wide and will accommodate 5,600 passengers and a crew of 1,800.

Designs are reported to show three eight-storey towers housing passenger cabins that would normally be below deck. There will also be shops, beaches, palm trees and swimming pools on the decks.

The four West German yards, Howaldtswerke Deutsche Werft, Bremer Vulkan, Blom and Voss and Thyssen Nordseewerke, competed with a Japanese consortium for the contract. The aim is to complete the liner in 1992.

World City and the West German yards are seeking finance for the deal so that a construction contract can ba signed before the end of the year.

Mr Kloster has set np a so-called "corporate participation plan" in which international investors will be invited to commit $1m each to the project. So far, $200m has been procured from the US finance markets. It is estimated that about NKr500m-worth of work will be subcontracted to Norwegian companies.

Mr Kloster is considered to be one of the pioneers in the world's cruise industry which for him began with the Sunward cruise liner.

The Norwegian-owned Royal Carribbean Cruise Lines boasts the world's largest cruise ship, Sovereign of the Seas, which accommodates 2,300 passengers.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	35	95	Malta	S	37	99	Rhodes	S	34	93
Algiers	S	27	81	Edinburgh	F	19	66	Manchester	R	15	59	Rio de J'o	F	31	87
Amsterdam	C	20	68	Faro	S	21	70	Manila	F	33	91	Rome	F	37	98
Athens	F	40	104	Florence	S	31	88	Melbourne	C	16	61	Salzburg	S	19	66
Bahrain	C	30	100	Frankfurt	F	23	73	Mexico City	C	25	77	San Francisco	F	20	68
Bangkok	F	32	90	Funchal	F	22	72	Miami	F	29	84	Seoul	C	30	86
Barcelona	S	26	79	Geneva	S	23	73	Milan	F	28	82	Singapore	C	29	84
Beirut	F	30	86	Gibraltar	S	23	73	Montreal	C	20	68	Stockholm	F	23	73
Belfast	C	15	59	Glasgow	F	17	63	Moscow	F	28	82	Strasbourg	S	25	77
Belgrade	S	40	104	Guernsey	S	16	61	Munich	S	20	68	Sydney	S	21	70
Berlin	C	24	75	Helsinki	F	27	81	Nairobi	C	26	[illegible]	Taipei	F	36	97
Biarritz	C	23	73	H. Kong	F	31	88	Naples	S	36	97	Tangier	F	22	72
Bombay	C	31	88	Innsbruck	S	18	64	Nassau	C	32	90	Tel Aviv	S	30	86
Bordeaux	C	23	73	Inverness	F	17	63	New Delhi	C	36	97	Tenerife	S	25	77
Brussels	F	21	70	Islamabad	C	30	84	New York	C	31	88	Tokyo	S	27	81
Budapest	S	34	93	Istanbul	F	34	93	Nice	S	24	75	Toronto	C	22	72
B. Aires	F	10	50	Jakarta	C	34	93	Nicosia	F	42	108	Tunis	S	31	88
Cairo	F	39	102	Jersey	F	18	64	Oporto	F	17	63	Valencia	S	28	82
Cape Town	C	15	59	Jo'burg	F	18	64	Oslo	R	24	75	Venice	S	28	82
Caracas	C	26	79	Lima	C	18	65	Paris	C	23	73	Vienna	C	27	81
Casablanca	C	22	72	Lisbon	F	21	70	Peking	S	26	79	Warsaw	F	26	79
Chicago	F	37	99	London	R	18	64	Prague	F	18	64	Washington	S	23	73
Cologne	F	22	72	Los Angeles	F	26	79	Reykjavik	F	13	55	Zurich	F	21	70
Copenhagen	C	25	77	Luxembourg	C	19	66								
Corfu	S	37	99	Madrid	F	21	70								
Dallas	S	22	72	Majorca	S	29	84								
Dublin	R	16	64	Malaga	S	26	79								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Five Malaysian judges suspended

Continued from Page 1

demned the suspensions, saying they were a blow to the independence of the judiciary and would undermine local and foreign confidence.

The charges against the judges which led to the suspension said they had participated in a court sitting that was not authorised by the acting Lord President of the Supreme Court.

In a statement, the five judges argued that last Saturday's sitting was proper. The acting Lord President had disqualified himself because he is chairman of the tribunal. As in the case of Tun Salleh, the Government will now follow up the latest suspensions with the appointment of a tribunal to recommend their dismissals to the King.

Political and lagal observers say two developments could follow. The remaining foor Supreme Court judges might resign in protest. Or Dr Mahathir might dissolve the Supreme Court and create a new judicial authority with his own nominees. This he is empowered to do following a constitutional amendment last December which transferred power of appointment to the judiciary to parliament.

The present confrontation between Dr Mahathir and the judges goes back more than a year. As a result of the power struggle within the ruling United Malay National Organisation, *the courts reluctantly found* themselves to be arbitrating on a number of issues of political and financial consequence.

Several court decisions had gone against the Government, including one last February which, for a while, effectively deregistered the UMNO party.

INTERNATIONAL APPOINTMENTS

SmithKline president to manage drugs division

AT SmithKline Beckman, major US drugs, eye care and diagnostic equipment group, Mr George W. Ebright, president and chief operating officer, has assumed direct management responsibility for Smith Kline & French Laboratories, the group's worldwide pharmaceutical division.

He has become president of the division in addition to retaining his group roles and titles. The pharmaceuticals business, which he will head for an "interim period", has seen sales of its two leading drugs, the anti-ulcer Tagamet and anti-hypertensive Dyazide, suffering from strong competition.

Apart from the pressure factor from rival products appearing on the market, US hospitals had become much more cost conscious, cutting down on drug purchases, since the US Government's revamping of the Medicare payments system in 1984. This has led to special discounts and other incentives being offered to hospitals by drug concerns, especially in seeking large quantity, long-term deals.

SmithKline surprised Wall Street in the middle of last month by predicting, contrary to earlier expectations of an increase, a 5 to 10 per cent fall in 1988 earnings from the 1987 level due to lower than anticipated sales of its two mainstay drugs. Its share price has since dropped about 20 per cent to around $45.

The company also announced in mid-June that it is moving aggressively to restructure its global pharmaceutical business and corporate staffs to enhance its competitive position into the 1990s. It also wishes to pursue more vigorously the development of new drugs. The predicted group earnings fall is before taking into account a special one-off charge to be made later this year concerning the restructuring.

Referring to the president's appointment, Mr Henry Wendt, SmithKline chairman and chief executive, said: "The step will provide the leadership essential during this transition period as we move closer to our goal of a single, competitive, worldwide pharmaceutical business."

The president at each of the three units comprising the Smith Kline & French Laboratories division will report to Mr Ebright. They are: Dr James H. Cavanaugh, at the US unit; Mr John F. Chappell, at the international unit; and Dr Stanley T. Crooke, research and development.

Mr Ebright, 50, joined the company in 1963. He became chief operating officer and a board director in 1986, and group president last year.

* * *

CHEMICAL BANK, fourth-largest bank in the US, has appointed Mr Jeffrey C. Walker managing general partner of Chemical Venture Partners, its venture capital/leveraged buyout subsidiary.

He succeeds Mr Steven J. Gilbert, who has resigned in order to establish his own leveraged buyout firm, Commonwealth Capital Partners. The two were co-founders of Chemical Venture Partners in 1984.

Chemical Venture manages a capital commitment in excess of $300m (of which half remains available for future investment) through two limited partnerships, Chemical Equity Associates and Chemical Venture Capital Associates.

The subsidiary, according to Venture magazine, ranked 11th in the US in venture capital activity last year. Mr Thomas S. Johnson, Chemical Bank's president, stated: "Our ranking reflects the fact that Chemical remains fully committed to the venture capital and leveraged buyout business."

Prior to co-founding Chemical Venture, Mr Walker had responsibilities in the investment banking and finance divisions of Chemical, and Mr Gilbert was an E.F. Hutton managing director.

* * *

TIP Europe plc, a leading trailer rental organisation operating in Europe with a fleet of 11,000 trailers, has named Mr Dirk van Dijl company treasurer and secretary.

TIP was floated on the London and Amsterdam stock exchanges earlier this year. Mr Dijl will work from its joint headquarters in Amsterdam where all TIP's administrative and financial functions are centralised.

Change at the top at Sanwa Bank

A CHANGE of president has been announced by Sanwa Bank, one of the top five Japanese banks.

Mr Hiroshi Watanabe, who was made deputy president last year, has been promoted to the post,

Mr Hiroshi Watanabe

succeeding Mr Kenji Kawakatsu, who will continue in his other role of chairman.

Mr Watanabe, who is 58, joined Sanwa Bank in 1953 after graduating from Tokyo University of Commerce.

In 1984, he became a senior managing director at the bank in charge of international business and corporate planning.

Strategic planning executive at UTC

THE US aerospace and industrial conglomerate United Technologies (UTC), which has been through much restructuring over the past two years under new management, bringing a strong revival in profits, has elected Dr Albert J. Kelley, 63, senior vice president, strategic planning.

This was announced by Mr Robert F. Daniell, 54, who engineered the restructuring on taking over from the legendary and dominant Mr Harry J. Gray, as chief executive officer at the start of 1986 and as chairman a year later as the latter retired from these roles. Prior to that, Mr Daniell was made president in October, 1984.

Mr Gray, 68, who has remained on the board and is also chairman of the finance committee, built UTC into one of the biggest conglomerates in the world over a 15-year period to 1986 through aggressive and often unwelcome takeover offers.

UTC annual sales have risen from a 1971 level of $2bn to reach $15½bn by 1986, and over $17bn in 1987, but earnings were down to just 7.4 per cent of equity in 1986. A $347m after-tax provision in 1986 for reorganisation, divestment of poorly performing segments and heavy redundancies, including hundreds of middle management jobs, left very little profit that year.

Mr Daniell's policies of curtailing growth by acquisition, cost cutting, dealing in general with inefficiencies and sluggish growth that had been apparent in most of its businesses, and concentrating on improving its core businesses, have since borne fruit. However, the UTC share price fails to reflect the change of fortunes, languishing at only about $8½ above a low of $30 touched since last October's general market crash and compared with an earlier 1987 high of $60¾.

The company's main divisions include Pratt and Witney aircraft engines, Sikorsky helicopters, Carrier air conditioning and Otis Elevators.

Mr Kelley was formerly a senior vice president of Arthur D. Little (ADL), of Boston, and chairman of ADL's programme systems management company.

His ADL assignments included major programmes for NASA, Federal Aviation Administration (FAA), and the departments of energy and defence, as well as private sector work in support of large international projects and programmes for aerospace companies and major airlines.

Before joining ADL in 1977, Dr Kelly was dean of the school of management of Boston College.

* * *

SAMUEL Montagu (Suisse), the Geneva-based Swiss franc capital market issuer and trader which is part of Midland Montagu, the international and investment banking arm of the UK Midland Bank group, has elected as deputy chairman Mr David R.W. Potter, who is Midland global corporate banking director.

Appointments Advertising

Appears every Wednesday and Thursday
for further information
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A graduate qualified accountant is required, with some post qualification experience in the consumer goods sector, preferably gained in a multi-national. Candidates must be confident but personable with demonstrable staff management ability and leadership skills. An interest in the business and genuine commercial awareness are required in order to make a significant contribution to the company outside the accounting function.

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Reporting to the Group Finance Director and sharing responsibility with the Group Accountant for a department of 25, this key position entails management reporting and accounting as well as the production of forecasts, budgets and analyses. There will be considerable emphasis in reviewing overall financial performance, and you will be required to participate in a number of special projects, including investigations, strategy, competitor analysis and financial appraisal.

Candidates will be ambitious qualified accountants (probably Chartered) aged 24-29. This is an excellent entry point into a rapidly expanding organisation with promotional prospects that extend right through to Directorship level.

Interested applicants should contact Gerald Whiting on 01-831 2000 or write to him, enclosing a comprehensive C.V. at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH quoting reference 2093.

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

Gold Fields

Group Accountant – Recently Qualified

Mayfair, SW1 — **c£21,000 + Car + Benefits**

Consolidated Gold Fields PLC is a major financial holding company, active in the extraction and production of mineral resources throughout the United Kingdom, North America, Southern Africa and Australasia. Established in London for over 100 years, 1987 saw record pre-tax profits of £279 million, representing a 78% increase over the previous financial year.

The Group seeks to appoint a recently qualified Accountant to its London Head Office team. Initial responsibilities would include:–

★ Analysis of financial information for regular reporting
★ Preparation of quarterly accounts for the Board
★ Preparation of annual and half-yearly consolidated accounts
★ Preparation of Group budgets
★ Analysis of individual company performance against target
★ Liaison with group companies on financial status
★ 'Ad hoc' assignments of a project orientated nature.

Opportunities for career development could lie in the field of financial/strategic planning.

Applications are invited from recently qualified Chartered Accountants who feel that they can match the ambitions of the Group and who are of graduate status or calibre, aged 24-29, and can demonstrate accounting and consolidation experience within practice or industry. In addition to a competitive basic salary, the Group offers an excellent benefits package which will include a quality car, bonus scheme, five weeks' annual leave, medical insurance scheme, pension scheme, free lunch, and, after a qualifying period, a share option scheme.

To find out more about this key role or to apply to Consolidated Gold Fields, please telephone or write to our retained consultant – Gerry Davies at Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH. Telephone 01-831 2000 or 01-367 6412 (evenings and weekends).

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Accountancy Personnel
Placing Accountants First

SHEAFFER PEN

HEMEL HEMPSTEAD MAKE YOUR MARK!

CHIEF ACCOUNTANT c£19,000+Car+Benefits

Our clients, Sheaffer Pen (UK Limited), manufacturers of a leading brand of quality writing instruments urgently seek a recently qualified Accountant to join the Senior Management team.

You will be managing the accounts department whilst taking overall control of the accounting function and improving management information system.

This challenging role offers an excellent opportunity to gain and develop a wide range of experience and skills in the day to day management of a successful FMCG company.

For further details contact: Accountancy Personnel 1st Floor, 10 Station Road, Watford, WD1 1EG. Tel: 0923 228332

UNISYS

FINANCIAL CONTROLLER

£Competitive+Benefits+Car — Livingston

Our Unisys European Parts Recovery Operation is one of the most successful in state-of-the-art electronics repair and we require an enthusiastic self-starter to join our small senior management team as Financial Controller.

Reporting to the General Manager, you will be responsible for all financial and accounting functions on-site and participate actively in the general management of the facility.

Ambitious, energetic individuals with an accounting qualification, an industrial/commercial background and systems experience should send a detailed C.V. to:–

Accountancy Personnel, 113-115 George Street, Edinburgh, Scotland, EH2 4JN. Tel: 031 226 2280

THE CHARLES WALLS GROUP

GROUP FINANCE DIRECTOR DESIGNATE

Yorkshire — to £28,000+Car+Benefits

A long established and highly successful Advertising, P.R. and Design Group wishes to make a key appointment.

You will be a Chartered Accountant, aged 32-45, with a solid record of achievement, in duties, preferably within the service sector.

Reporting to the Chairman and working closely with the Group's Managing Director, you will be expected to further develop the Group's accounting and management information systems, control all aspects of tax financial and administrative affairs including Company Secretarial and, as a member of the management team, make a real and positive contribution to the Group's future.

The appointment is being made with a USM flotation very much in mind and therefore experience or knowledge of the City's workings would be a distinct advantage.

For further details contact: Accountancy Personnel 8 East Parade, Leeds, LS1 2AJ. Tel: 0532 438384

AA The Automobile Association

AMBITION TO DIVERSIFY

Basingstoke — c£20,000+Benefits+Relocation

You will be joining the world's leading motoring organisation whose diversity includes travel, insurance and publishing operations. You will have a high profile role as head of systems audit having that computerised and manual operations meet the demands of business development.

This career position could be a valuable first step into commerce or you may have 2 years similar organisational experience and you are looking for the opportunity to rapidly progress to line management.

This head office appointment offers the full range of large company benefits, ongoing training together with an attractive relocation package if necessary.

For further details contact: Accountancy Personnel 12/14 Church Street, Basingstoke, Hants, RG21 1QH. Tel: 0256 461133

CONFIDENTIAL

DEPUTY GROUP FINANCIAL CONTROLLER
(TAXATION–TREASURY–FINANCIAL CONTROLLER)

North Bucks — to £22,000+Car & Relocation

Progressive PLC with extensive international operations and sales in excess of £100M, wishes to appoint a qualified accountant with good post-qualification tax experience and the flexibility to assume a wider accounting role.

As well as advising on all taxation matters, you will manage the treasury function and participate in Group reporting. Acquisition appraisal will be a further important element of the job.

If you are ambitious and enjoy variety then this position offers a very bright future!

For further details contact: Accountancy Personnel Ashton House, 469 Silbury Boulevard, Milton Keynes, MK9 2AH. Tel: 0908 661707

Outstanding Young Financial Executives
Major International Group

London — **Up to 50k**

We are seeking a number of exceptional young financial executives to fill key development positions within a major international group; a world leader in the branded consumer products and services market. The Company has consistently produced above average profit growth in a diversity of competitive market sectors and is set for further significant development both through acquisition and organic growth.

In keeping with the Company's forward thinking strategy, our client wishes to appoint financial executives, initially into functional Head Office roles, who have the potential for rapid promotion to senior line management positions within the Group. All require strong commercial ability, personal drive, sound judgement and the high level of communication and interpersonal skills expected of a successful executive in a fast moving, competitive environment.

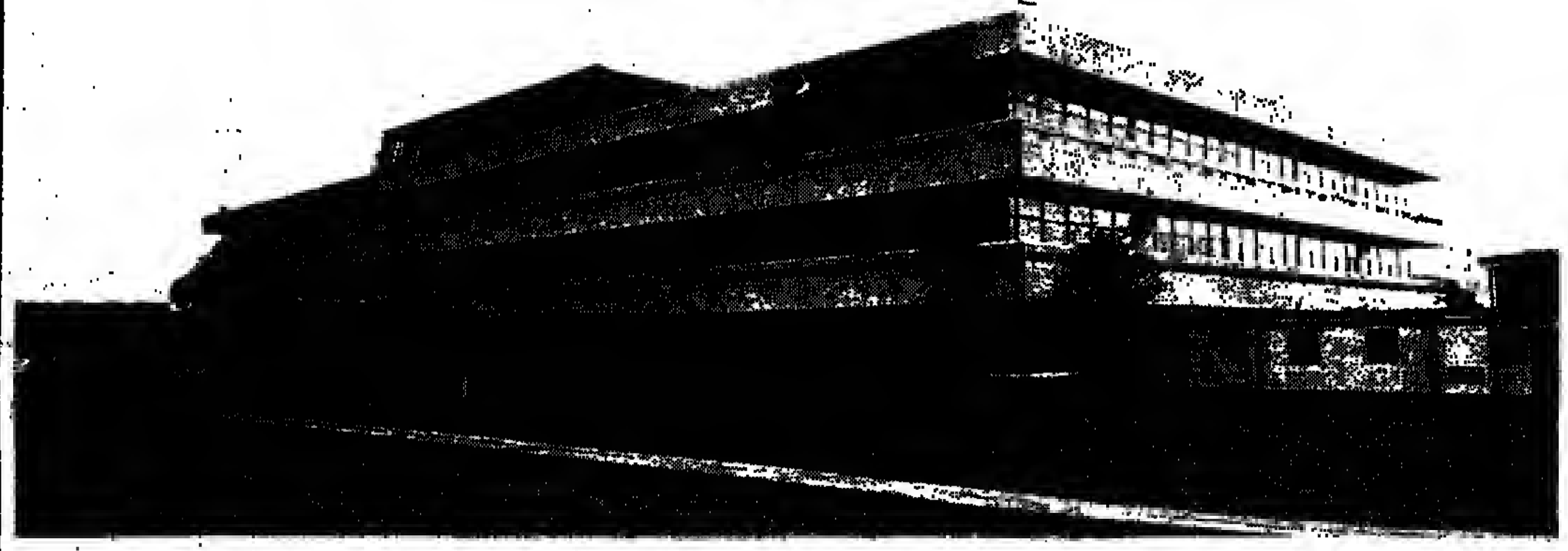
Candidates aged 27-35 must be qualified accountants or business graduates who have already demonstrated an outstanding level of achievement in their career to date. They must possess a high level of intellect, good technical accounting skills and strong commercial acumen and have the strength of personality to make an immediate impact at a senior level in the organisation.

Please apply in confidence indicating your present salary and enclosing a copy of your C.V. to Peter Makin, quoting reference 1870.

Odgers MANAGEMENT CONSULTANTS
Odgers and Co Ltd, One Old Bond St. London W1X 3TD. 01-499 8811

A centre of excellence in Financial Services... A centre of challenge for young Accountants

To £25k + car + bonus + concessionary mortgage • Northampton



"We have successfully completed the largest ever building society merger..."

"We are moving rapidly forward into several new areas now open to building societies..."

"We have established one of the largest chains of estate agents which already has 500 outlets..."

"Our two housing subsidiaries are continuing to develop a variety of new dwellings..."

"We have taken the first steps towards providing homes for rent through our associated company Quality Street..."

"Our popular new interest-bearing FlexAccount is rapidly changing the face of personal banking..."

"Arrangements have now been made to strengthen our capital base still further by the raising of an additional £80 million of subordinated loan stock..."

"Overall, the financial position of the Group is extremely strong..."

These statements – taken from our Chairman's recent announcement of the year's results – highlight the growing challenge of Nationwide Anglia careers. De-regulation has swept away old restrictions and freed us to compete on every financial front. At the same time, our merger of the Nationwide and Anglia building societies has created an immensely powerful force... with gross capital nudging £1 billion and combined assets exceeding £21 billion, we have the financial base to fund the most ambitious development plans.

Right now, our most important investment is talent. The professional accountancy skills that will mould and shape tomorrow's growth strategies. Essentially, we are looking for a number of different professionals who will join together to form the nucleus of a new financial management team...

BOTTOM-LINE PRIORITY

Based at our superb offices near Northampton, the team will be primarily responsible for establishing and running systems aimed specifically at measuring the performance of our many profit centres. With an extensive network of offices throughout the country, bottom-line control is a clear priority. That is why we will be looking for accountancy professionals with substantial retail experience. Men and women who can confidently draw upon their experience to ensure that effective systems are not just introduced but properly implemented.

INFLUENCE... INNOVATE... INTRODUCE IDEAS

It is a unique challenge offering considerable scope to influence policies, innovate new systems and introduce your own ideas. An environment that will definitely attract young accountants who have recently qualified with major firms but now need to broaden their professional perspective in the industrial arena.

Alternatively, it will appeal to people who have already made this move, but feel that they are not in a sufficiently open-minded and professional company.

CONCESSIONARY MORTGAGES AND CARS

In addition to all the professional advantages of such a dynamic growth environment, Nationwide Anglia has a lot more to offer the ambitious accountant.

Our salaries are matched by a benefits package that is generous even by financial service industry standards. All positions (with the exception of the Accounting Technician opportunities) command a special concessionary mortgage, bonus scheme and fully expensed car. We also offer an extremely good relocation package to this beautifully unspoilt and surprisingly inexpensive corner of the country which is within easy reach (barely an hour) of the heart of London.

SEIZE THE INITIATIVE

From every angle, a move to Nationwide Anglia makes a lot of sense. So seize the initiative – send your cv (including your current salary) to Richard Wharton, Personnel Administration Manager, Nationwide Anglia Building Society, Chesterfield House, Bloomsbury Way, London WC1V 6PW. Alternatively, speak to him on 01-242 8822 ext 2580 for an application form or further information.

Group Tax Accountant
to £25k + car – must have 2-3 years' post-qualification taxation experience.

Group Accountant
to £20k + car – the perfect opening for a newly qualified professional.

Project Accountant
to £22k + car – should have 2-3 years' post-qualification product/project experience.

Management Accountant
to £20k + car – another ideal opportunity for a newly qualified professional.

Systems Development Accountant
to £25k + car – a high profile position calling, ideally, for a fully qualified graduate accountant.

Part Qualified Accountants
to £18k – depending on experience and stage reached.

Nationwide Anglia is an equal opportunity employer.

Nationwide Anglia Building Society

FINANCE DIRECTOR

COMPUTER SERVICES

Romford c.£36,000 + car + bonus

Our client is the major operating subsidiary of a fast expanding, USM quoted, computer services group. Its core business revolves around the provision of software and bureau services to the principal users of the London Insurance Market.

To keep pace with the rapid development of the business and to maintain the forward looking corporate strategy, it has been decided to appoint a Finance Director, who will report to the Managing Director with a secondary responsibility to the Group Finance Director.

The successful applicant will head up a small, high calibre team and manage the total finance function of this £13 million turnover company. In addition to active participation in the corporate decision making process and the normal financial reporting and control procedures, the brief will cover treasury and asset management and the provision of enhanced costing and management information systems.

Candidates should be qualified accountants, of graduate calibre, with strong leadership skills, a high level of ambition and the ability to combine an eye for detail with broad based commercial acumen. Experience in a progressive commercial environment, an understanding of the London insurance market and a high level of computer literacy are also desirable.

The remuneration package will be flexible and will include a prestige car, a profit linked bonus scheme, possible share options and relocation where appropriate. (The offices are within a short distance of the M25.) There will be genuine opportunities for career development within the group including the potential to move into general management in due course.

Candidates should write enclosing a full cv, stating current salary and quoting reference S8125, to Paul Carvosso.

KPMG Peat Marwick McLintock

Executive Selection and Search

9 Creed Lane, London EC4V 5BR

Managing Director

... to build a UK plastic packaging business

North West, c£50,000 plus Senior Executive Package

Our client is the £70M turnover European arm of a leading, worldwide packaging group; long established in the UK and with an increasing presence in other countries of Western Europe. As part of their growth strategy the company wishes to expand significantly their plastic packaging interests in the UK and now seeks to recruit an experienced Managing Director to plan and implement this key strategic objective and to take total responsibility for a newly created trading division. The job will involve the overall direction and control of two existing, highly successful, niche businesses with a combined turnover of £10M but the main challenge of the role will be the identification and acquisition of other suitable plastic businesses to create a substantial division within the next 5 years.

Candidates should be graduate engineers or technologists, preferably with a background in plastic packaging, who already have several years experience at Managing Director level and who have a proven record of success in developing profitable companies. Experience of identifying and acquiring new businesses is essential. You must also have the entrepreneurial abilities needed to develop new businesses, products and market opportunities and to establish a leading edge operation.

The salary and bonus package is negotiable around the level indicated. Benefits include a prestige car and top hat pension scheme. Prospects for further career advancement within the Group are good.

If you feel you meet this specification, please write with a full CV and salary details, quoting reference ES 067, to Michael Ward, March Consulting Group, 33 King Street, Manchester M2 6AA.

MARCH

CONSULTING GROUP

FINANCIAL DIRECTOR

Mid-Kent Circa £28,000 + car

Our client is a substantial British engineering group with a well deserved reputation for the high quality of its Building Services products. Rapid expansion over recent years, both in the UK and Europe, has prompted the need to appoint a Financial Director for its largest operating Division.

Reporting to the Divisional Managing Director you will have overall responsibility for the Financial and Administrative functions and a team of some 24 staff.

In addition to the financial reporting requirements, the brief will be to enhance the systems, particularly in relation to management information, costing and cash management, and to develop the computerised accounting facilities. Participation in the business strategy and commercial decision making process is also of strong importance.

Candidates must be qualified accountants who can show a well developed business sense, strong management skills and a readiness to adopt a "shirt-sleeves approach". At least five years relevant experience with a record of achievement in a medium sized engineering environment is essential.

Candidates should write enclosing a full CV, including details of current salary and quoting reference W3999, to Paul Carvosso.

KPMG Peat Marwick McLintock

Executive Selection and Search

9 Creed Lane, London EC4V 5BR

BLACK&DECKER

International Audit

£ negotiable

Black & Decker is one of the world's best known names in the consumer products market. This achievement has been attained by product innovation, aggressive marketing, and a highly professional financial management approach.

In the area of financial management, the Internal Audit function is expected to make a two-fold contribution. Firstly by conducting operational audits which combine a high professional standard with an understanding of the business, and secondly by providing a source of future financial managers by exposure to a wide range of the company's operations.

It is as a result of promotion out of the department that there is a vacancy for an internal auditor. It follows from the above that he/she should be a qualified accountant, commercially minded, and show potential for promotion. As 25% of the duties will be performed in Europe, mainly in France, some knowledge of French would be an advantage.

A competitive salary and an excellent range of large company benefits will be provided.

For further information please contact **Darrell Smith** or **Judith Ellis** on **01-387 5400** or **0727 42296/01-463 0471** (evenings/weekends) or write to Financial Selection Services, Drayton House, Gordon Street, Bloomsbury, London WC1H 0AN.

Details may be faxed on 01-388 0857

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- International and local client base
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Offices of an International Practice require individuals to service and manage an audit portfolio with clients ranging from multi-national conglomorates to small limited companies. As well as Audit and Accountancy, Investigations and one-off assignments can constitute a significant proportion of the work.

Applicants should be self-motivated, able to work individually or in a team where computer knowledge and report writing skills would be advantageous. You may currently be working in Public Practice or in an Audit role in Industry or Commerce. A working knowledge of German is an advantage, which can be supplemented by language courses where necessary.

For further information please contact either Gary Johnson or Lee Stirrup on 836 9501 (evenings/weekends 058283 2801) or contact your nearest Douglas Llambias Associates office.

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410 Strand	163a Bath Street	Brook House	Cavendish House	113/115 George Street
London WC2R 0NS	Glasgow G2 4SQ	77 Fountain Street	39 Waterloo Street	Edinburgh EH2 4JN
Tel. 01-836 9501	Tel. 041-226 3101	Manchester M2 2EE	Birmingham B2 5PP	Tel. 031-225 7744
		Tel. 061-236 1553	Tel. 021-233 4421	

FINANCIAL CONTROLLER

C. £28,000 + Car + Re-Location — London & Home Counties

Our Client, a major professinnal firm as part nf its development strategy wishes to recruil a Financial Manager, capable of making a significant contribution to the further success of the business.

Based in Central Londnn he/she will be expected tn plan and implement cost effective management and control systems, using the latest information technnlogy, fnr offices located throughnut the hnme cnunties. In additinn tn prnviding support in the day tn day management nf the nperatinns nf the firm, the successful candidate will be expected to contribute In the further development of a strategy for future profitable growth.

The ideal candidate will be a commercially minded Qualified Accountant, in a line position, having developed good communication skills and the ability tn take initiative. He/she will nnw be lnnking fnr their first majnr positinn where ability tn communicate effectively at board level in addition to effective management of sub-ordinates can be demonstrated.

Please write in confidence , enclosing detailed C.V. to:- Fox Valentine Limited, 25 Bedford Row, London WC1R 4HE. Tel: 01-242 1916. Quoting reference no.: FT/103/ATM.

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Paul Maraviglia ext 4676

Elizabeth Rowan ext 3456

Financial Director (Designate)

ACCOUNTANCY RECRUITMENT CONSULTANTS

c £35,000 + car — London WC1

Our client is a well established, privately owned company, highly regarded in their sector where success has been won with a commitment to high levels of customer service and professionalism. The company is entering an exciting new phase in its corporate development and is to augment their group management team by this appointment.

Based in Central London this position reports to the Managing Director and Group Chairman with responsibilities to include the provision of all the group's financial and accounting services. This includes the continuous application and evaluation of financial controls, the co-ordination, direction and enhancement of management information throughout the group as well as being fully involved in commercial policy.

Candidates will be Chartered Accountants in their early to mid thirties with current senior line responsibility. In addition to first class technical skills and exposure to computerised accounting we are looking for entrepreneurial flair and the ability to function effectively in an informal operating environment. Personal attributes will therefore include a creative approach, determination, commitment and energy.

Please reply in confidence giving concise career, personal and salary details to:– Mr A F Roberts, Director, R H Associates, 18 Exeter Street, London WC2E 7DU.

R H ASSOCIATES

HILL SAMUEL

INVESTMENT ACCOUNTANT

c. £20,000 + car & Benefits — Croydon

Hill Samuel Investment Services Group market a wide range of investment services, including unit trusts, pensions, life assurance and portfolio management.

As a result of an internal reorganisation, we are looking for an Investment Accountant for our Life Assurance subsidiary to take full responsibility for providing accounting support for the company's £800 million portfolio of investments.

The successful applicant will be expected to take a feading role in the future development of the investment accounting function, particularly the further enhancement of mainframe and micro-computer systems; and will manage a department of twelve staff responsible for the investment accounting, fund valuation and treasury functions.

Applicants must be graduate qualified accountants with experience of a comparable role in the financial services industry.

This Is a challenging and key role in an expanding organisation, representing the ideal move for a highly-motivated, hard working self-starter.

Please send a full CV to the Personnel Manager, Hill Samuel Investment Services Group Ltd, NLA Tower, 12-16 Addiscombe Road, Croydon, Surrey CR9 6BP or alternatively, telephone 01-686 4355, ext. 2567 for an application form.

CHIEF ACCOUNTANT TO MANAGE ACCOUNTS DEPARTMENT

ARAB BANK FOR ECONOMIC DEVELOPMENT IN AFRICA

Our client, the Arab Bank for Economic Development in Africa, is a major financial institution funded by the governments of the member states of the League of Arab States with the purpose of contributing to the development of African countries which are members of the organisation of African unity and are not members of the Arab League.

The Arab Bank for Economic Development in Africa (BADEA), wishes to recruit an experienced qualified accountant to manage its expanding accounting division.

The Chief Accountant will work closely with the Bank's senior management and will provide advice on all accounting matters, ensure compliance with internal controls and adherence to Bank policies and procedures. The successful candidate will be expected to contribute to the improvement of the accounting procedures, and to continue the implementation of computerised accounting systems.

The ideal applicant for this position will be a qualified accountant (ACA, ACCA, CPA) with extensive experience in accounting and computers. He should have at least 3 years management experience in a computerised accounting environment. He must be a mature individual, aged 30 plus, and possess excellent management and communication skills.

An attractive tax-free salary in US$ will be paid plus a generous cost-of-living allowance, education allowance, annual first class return air fare on leave and other associated benefits.

The candidate must be an Arab national. Non-Arab applicants will not be considered.

Please send personal and career details prior to 31st August 1988 to Mr. Sami Ali, Ernst & Whinney, PO Box 136, Abu Dhabi, United Arab Emirates.

Ernst & Whinney
Accountants, Advisers, Consultants

ACCOUNTANT

Qualified or experienced accountant for sole charge in small busy and attractively located office in Windsor. Salary negotiable around 12K+.

Tel. 0753 865538 (Mon-Fri 9-5).

Appointments Wanted

JAPANESE - STUDENT
Male 22 major accountancy graduating March 1989, fluent spoken & written English, passed Cambridge university proficiency and London chamber commerce exams. Seeks employment London UK/US company prospects more important than remuneration, preference financial or export/import.
Write Box A0935, Financial Times, 10 Cannon Street, London EC4P 4BY.

Financial Controller/Director
F.C.C.A., B.Sc. (Hons)
Currently controller/F.D. of two companies one Belgian one Dutch, now looking for position in U.K. Strong all round experience plus Belgian/Dutch legal/Tax. Will consider temporary contract or consultancy work. Phone: 010-32-23-54-46-43 evenings or week-ends or write:
Box No. A0934, Financial Times, 10 Cannon Street, London EC4P 4BY

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for further information call 01-248 8000

Tessa Taylor ext 3351
Deirdre Venables ext 4177
Paul Maraviglia ext 4676
Elizabeth Rowan ext 3456

FINANCIAL CONTROLLER
Director Designate

Our client is a small but expanding and profitable estate and travel agency group. M.D. needs an energetic, commercially-minded qualified accountant to play a major role in the groups future. Good opportunity for equity involvement for the right candidate. May suit good recently qualified. W. Middx c £25k + package.

Write to: Ian Rosmarin Howard Parsons & Associates 5 Upper Tachbrook Street London SW1V 1SN

FINANCE MANAGER

Northern Home Counties to £40,000

Our client is a long established mutual life assurance society which has, in recent years, diversified into other areas of financial services, particularly unit linked pensions and mortgage finance. Its performance is above average within its sector and further growth and expansion is anticipated.

A Finance Manager is required to assume overall responsibility for management and financial accounting and for accounting procedures and will work closely with Management in the formation of financial policy. This is the number one accounting role within the organisation and represents a real opportunity to make a significant contribution within the small senior management group.

Candidates should be chartered accountants with demonstrable managerial skills and the ability to organise and prioritise and to cope under pressure. Previous experience in the life assurance sector is strongly preferred, although individuals from other areas of financial services or banking will be considered, provided they are able to show flexibility and an empathy with the business.

Please write in confidence enclosing career details, quoting ref. 4324 to John Hills.

KPMG Peat Marwick McLintock
Executive Selection and Search
9 Creed Lane, London EC4V 5BR

ASSISTANT MANAGER AUDIT

c.£20,000 PLUS BENEFITS

Henderson Administration is an independent International Investment Management Group, and a highly respected name amongst institutional and private investors.

To assist with the implementation of new procedures made necessary by the provisions of the Financial Services Act, this new role has been created within our Compliance department.

Reporting to the Group Compliance Manager, the successful candidate will assist with the preparation of comprehensive audit programmes – undertaking periodic systems reviews as necessary. There will also be close liaison with the Computer Systems Management and the Group Financial Controller.

Applicants will preferably be recently or newly qualified, with previous audit experience.

A confident self-starter, you must possess a high degree of enthusiasm and maturity coupled with excellent communication and interpersonal skills.

In addition to the remuneration package offered, there will be considerable opportunities for career advancement within the Group.

Please write enclosing a comprehensive cv to Anne Day, Personnel Department, Henderson Administration Group plc, 3 Finsbury Avenue, London EC2M 2PA.

HENDERSON
ADMINISTRATION GROUP PLC

Hoggett Bowers

Executive Search and Selection Consultants
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A MEMBER OF BLUE ARROW PLC

Financial Director

Take This Industrial Services Company To No. 1
South Bucks, c £32,500, Substantial Bonus, Quality Car

Biffa Waste Services, part of BET plc, is one of the UK's leading waste management companies and is widely regarded as the most progressive and ambitious. Rapid organic growth and an aggressive acquisition programme have taken turnover to £45 million with very healthy profits. The mainstream waste collection and disposal business has recently been augmented by new UK and overseas divisions and the strategic plan is now to put the company into the position of clear market leader. Promotion within the group has created this opportunity. Reporting to the Managing Director, you will be fully responsible for financial management and direction of the business. Key aspects of the job are providing advice to operational directors and assisting in acquisition assessment and integration. Early priorities are re-evaluation of the structure of the finance function and refinement of the management informatinn system. A qualified accountant, aged early 30's – mid 40's you must have achieved a senior finance position in service industry. An essential requirement is a progressive career with significant companies where first class business disciplines apply. Good analytical skills, strong commercial awareness and the ability to achieve through influence and persuasion are vital. Considerable job satisfaction and good career prospects are assured in this dynamic environment. The performance related bonus and comprehensive benefits package will ensure that high performers are well rewarded.

S.P Spindler, **Hoggett Bowers plc**, *George V Place, 4 Thames Avenue,* **WINDSOR**, *SL4 1QP*, **0753-850851**. *Ref: W11045/FT.*

Financial Accountant

High Technology Company
Surrey/Hants Border, To £24,000

A career opportunity for a qualified accountant to play a key role with this highly successful company supplying computer solutions to the IBM marketplace. Current turnover is in excess of £25m and the company is poised for further significant expansion over the next 3 years. With prime responsibility for the production of monthly and annual accounts and forecasts you will also control a number of other functions including accounts payable and payroll and liaise closely with department heads and senior management within the company. Candidates probably aged 26-36 will ideally have a background in the profession followed by industrial or commercial experience although other backgrounds will be considered. The ability to work with a committed team is essential. Career prospects are excellent.

K. Carroll, **Hoggett Bowers plc**, *1/2 Hanover Street,* **LONDON**, *W1R 9WB*, **01-734 6852**. *Ref: H25011/FT.*

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

MISYS

Group Financial Controller
F.D. Designates

West Midlands £25 to 35,000 + Car + Bens.

The Client

Our Client, Misys plc., is a highly rated Group in the computer/electronics field. Following their successful listing on the USM in March 1987, the Company has expanded rapidly both in terms of organic growth and acquisitions. In March 1988, Misys received the award as the best performing USM new issue in 1987. The Group is currently capitalized at £37 million.

The Positions

As a result of this expansion and to cater for future development, Misys plc now seeks to appoint **two potential Financial Directors** in subsidiary companies and a **Group Financial Controller.** The emphasis in the subsidiary company positions is on commercial involvement. The successful candidates will be part of an autonomous management team responsible for profit performance and developing and implementing the growth plans of the businesses. The Group Financial Controller will be responsible for consolidating and monitoring Group financial performance, control of head office budget and effective management of the Group's cash resources.

The Applicants

Candidates will ideally be aged 30 to 40, Qualified (preferably Graduate) who can demonstrate a record of achievement within a progressive organisation. Applicants must be innovative, pro-active and achievers with well developed technical, communicative and managerial skills. In short "High Fliers".

The Rewards

The salary packages on offer (including relocation expenses where necessary) show the commitment of our clients to attract exceptional candidates who have the ability to further develop within this progressive organisation.

Interested candidates should contact ***Nick Stephens on 021-233 4450*** *(office hours) or* ***021-445 5055*** *(evenings and weekends). Alternatively, write enclosing a comprehensive C.V. to the address below.*

Nicholas Andrews
Specialists in Financial Recruitment

Nicholas Andrews, Freepost, Herbert House, 71 Cornwall Street, Birmingham B3 2BR.

FINANCIAL DIRECTOR
MAIN BOARD APPOINTMENT

Harrow c £35K + Car and Excellent Benefits

Our client is a successful Company in the Financial Services and Database Management section of the Insurance, Automotive and Retail industries. They need an energetic and ambitious Finance Director with the commercial awareness and flair to increase the profitability of the Company.

This is a key position for the future development of the business. The successful candidate, in addition to having overall responsibilities for accounting and management reporting functions, will represent the company to Financial institutions. He or she will concentrate initially in the areas of treasury management and investment appraisal, together with the review of new projects, acquisitions and expansion plans.

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- periodic preparation of major research and infrastructure grant applications to secure future funding.
- annual preparation of a three year expenditure plan
- development of our in-house computerised accounting system.

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The successful applicant will be a qualified accountant with at least five years experience in finance. S/he will have demonstrated an ability to manage both professionally qualified and other staff, be able to communicate with medical and scientific staff, and to liaise with public sector and charitable bodies.

Applicants are advised that the Administrative Offices and most areas of The Institute are non-smoking. Candidates may telephone the Personnel Department for details about The Institute; a job description, the terms and conditions of employment, and to arrange informal discussions with the Deputy Secretary.

To apply, candidates should forward a full C.V. with the names and addresses of 2 referees to the Personnel Officer, The Institute of Cancer Research, 17A Onslow Gardens, London SW7 3AL.

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FOR ACCOUNTANTS

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Thursday July 7 1988

UK CARPET AND FURNITURE EMPIRE WARMS TO OFFER OF A 'GOOD HOME'

Gulliver launches £446m Harris bid

BY MAGGIE URRY IN LONDON

MR JAMES GULLIVER, former chairman of the Argyll food group, yesterday launched his long-expected takeover bid for Harris Queensway, valuing the carpet and furniture group at £446.8m ($763.1m).

The 190p-a-share bid is being made through Lowndes, a new company formed by Mr Gulliver, the son of a grocer from Campbeltown, Argyll, whose own history in retailing dates back to 1965.

Sir Phil Harris, the entrepreneur who built the Harris Queensway empire from three South London carpet and linoleum shops inherited from his father in 1957, has accepted the offer and is recommending it to other shareholders.

From Sir Phil, his family, other directors, and Great Universal Stores (GUS), which held a 28.4 per cent stake, Lowndes has acceptances from 40.2 per cent of the Harris Queensway shares, and the offer seems almost certain to go through.

The deal was signed yesterday morning after an all-night negotiating session. Mr Gulliver said Sir Phil had been "very helpful" throughout the discussions, and "was glad the business is going to a good home."

Although the bid, if successful, will mark the end of Sir Phil's career as head of a quoted company, he will head a buy-back of the 75 per cent stake in Harvey's, a furnishings retailer, owned by Harris Queensway.

Sir Phil will also have at least a 4.4 per cent stake in Lowndes, which may be renamed Harris Queensway or Queensway after the bid goes through. GUS will have a 6.2 per cent stake.

Harris Queensway's history has been chequered. The company was floated in 1978, the offer being 20 times oversubscribed.

Thereafter rapid profits growth alternated with setbacks, often caused by overly rapid expansion and over-ambitious moves into new areas such as do-it-yourself and electrical retailing.

Eventually the problem of managing the number of different retail chains within the group became too great and early in May, Harris Queensway revealed a fall in annual profits from £50.1m to £16.9m. Discussions with Mr Gulliver followed.

The bid for Harris Queensway has been organised by Charterhouse, the merchant bank. Shareholders are being offered £19 cash and 19 shares in Lowndes for every 20 Harris Queensway shares they hold. The necessary £223.4m of finance is being lent to Lowndes by a syndicate of banks headed by Charterhouse, Royal Bank of Scotland and Midland Bank. It will be paid back over six years.

Investors can also opt to take a higher proportion in cash, in effect by selling up to 14 of every 19 Lowndes shares to a group of sub-underwriters led by Charterhouse at 100p each. The deal is conditional on Lowndes shares being listed on the Stock Exchange.

Mr Gulliver said the new company would start with debt of about £260m and negative net worth. However, he believes the debt can quickly be reduced by £100m through sales of non-core activities and shops. Cost-cutting measures should start to restore the group's profits.

In the City the bid was greeted by enthusiasm and some scepticism. Shares gained 6p to 182p.

News analysis, Page 24; Lex, Page 16

Japanese newspaper president resigns

By Our Financial Staff

MR KO MORITA, president of Nihon Keizai Shimbun, Japan's leading business daily newspaper, has resigned over a share scandal, according to a company official.

He declined to give details of the affair, but said it involved transactions in shares of a real estate company, Recruit-Cosmos, an affiliate of Recruit, the large employment concern.

He said it was understood that top officials at the Nihon Keizai Shimbun should not engage in stock dealings, although there were no regulations. The board had accepted Mr Morita's resignation.

The company official said Mr Morita's resignation was an "individual or private matter," which had nothing to do with the company. He added, however: "As a top newspaper manager, we can't say that there isn't a moral issue involved, although it isn't a crime."

Nihon Keizai controls a group of newspapers and global electronic financial information services. An official reported that late on Tuesday Mr Morita told Mr Akira Arai, the company's vice-president, that he was ill and resigned after indicating that his action "concerned the circumstances" surrounding Recruit-Cosmos.

The Nihon Keizai board has named Mr Arai as the new president. Mr Morita was expected to become an adviser to the company, an official said.

An official of the Securities Dealers' Association of Japan said the transactions, even if they occurred, did not apparently violate Japanese securities and exchange laws.

Officials for Japan's Finance Ministry and the Tokyo Stock Exchange said they were unsure whether the reported dealings were illegal.

Competitors try to block Perot US postal contract

BY RODERICK ORAM IN NEW YORK

COMPETITORS of Mr Ross Perot, the Texas corporate maverick, are trying to block a potentially hugely profitable contract be won without a bidding contest to bring cost savings and entrepreneurial efficiency to the US Postal Service.

Electronic Data Systems, the company be sold to General Motors for $2.5bn in 1984, and Planning Research, a Washington consultant owned by the Emhart industrial products group, have asked the Government's General Services Administration to nullify the contract because the Postal Service failed to open the project to competitive bidding.

The contract resulted from a personal approach by Mr Anthony Frank, the new Postmaster General, to Mr Perot. The GSA's board of contract appeals has warned the Postal Service and Perot Systems, Mr Perot's newly formed company, that it will halt work under the contract unless they co-operate more fully with the hearings.

Perot Systems would share in any of the cost savings identified by it and approved by the Postal Service. The deal had already prompted a non-binding resolution from the Senate asking the Postal Service to delay adopting any Perot proposals until they had been studied by the General Accounting Office, the Government's watchdog agency.


Ross Perot: would share in any cost savings

Perot Systems, drawing heavily on senior managers hired away from EDS, has already begun a three-month first phase of the project in which it will identify cost savings. The company will be reimbursed for its expenses up to a maximum of $500,000 but will not make a profit. Mr Perot is barred under an agreement with General Motors from for-profit competition against EDS until December, 1989.

The Postal Service and Perot Systems are still negotiating a formula for the company's share of cost savings under the phase two implementation.

Because the competitors had filed their complaint too late, the GSA's board of contract appeals turned down their request to halt phase one during pending further hearings. The board will rule soon, however, on whether it has jurisdiction over the Perot contract.

The Postal Service and Perot Systems have argued that the GSA has no jurisdiction because of broad powers the Postal Service won in 1987 to revamp its operations. It says it is responsible only to Congress.

Trading halted in British car group shares

By Kevin Done in London

TRADING in the shares of Rover Group, the UK state-owned vehiclea manufacturer, was suspended yesterday in the face of a sharp rise in its share price.

The trading halt, which was made at the company's own request, added to the growing uncertainty surrounding the company's future the present British Aerospace takeover bid.

The Rover Group share price jumped by some 21 per cent from 61 to 74 pence before it was suspended. The company said it knew of no reason for such a rise.

Rover Group said last night that because it was engaged in a complex series of negotiations with British Aerospace, the Department of Trade and Industry and Brussels, it felt its shares should be suspended "until there was some definite news."

Lex, Page 16

Banca Commerciale lifts bid for Irving

BY ANATOLE KALETSKY IN NEW YORK

BANCA COMMERCIALE Italiana has announced a slightly improved, and seemingly final, offer for Irving Bank. The new bid, which adds a warrant said to be worth somewhere between $2.75 and $7 per Irving share to BCI's $800m cash offer, appears to usher in the final stage of one of the longest and most acrimonious takeover battles ever seen on Wall Street.

Bank of New York, the other bidder for Irving, has made a "best and final" offer of $15 in cash plus 1.675 BNY shares and a $5 special dividend for each share in Irving. At BNY's closing price of $34⅞ on Friday this offer would be worth $79 per Irving share. BCI, which is supported by Irving's board, had wanted to pay each Irving shareholder $80 in cash for 51 per cent of his stock plus a cash dividend of $10 a share.

On Tuesday Irving and BCI added some warrants to sweeten this offer. Irving will now issue one warrant for every four shares held before the BCI offer being completed. The warrants will be exercisable for seven years at a price of $65 a share.

The final result of the contest, however, is likely to be determined by the courts, rather than Irving's shareholders.

Pullman receives $309m takeover offer

BY OUR FINANCIAL STAFF

THE PULLMAN Company, a US manufacturer of lorry trailers, aircraft seating, food service equipment and vehicle parts, said an investor group led by its senior management, including Mr Thomas M. Begel, chairman, and Henley Manufacturing, had offered to acquire the company for $7.50 a share or a total of $309m.

The company, which last week said an offer from the group was likely, said about 90 per cent would be paid in cash and the remainder in securities.

Henley Manufacturing already owns about 10 per cent of Pullman common stock and is Pullman's largest shareholder.

Pullman said a special committee of its board would consider the proposal, which is conditioned on approval by the Pullman board and the receipt of financing.

It said if the proposal was accepted by the full board, the investor group would expect to enter immediately into a definitive commitment letter with a "major money centre bank" it did not identify

MGM/UA rebounds in quarter

BY JAMES BUCHAN IN NEW YORK

MGM/UA Communications, the Hollywood studio which is being offered for sale by its restless majority owner, Mr Kirk Kerkorian, recorded a sharp improvement in results for its third quarter as it gears up to full production of feature films.

MGM/UA, which was formed by Mr Kerkorian from the celebrated MGM and United Artists studios in 1981, returned to profit before tax and interest with operating income of $11.9m in the three months ended May against a loss of $10m in the 1987 May quarter.

But overhead costs and high interest charges at the heavily indebted company caused a net loss of $8.3m, against a $27.5m loss in the third quarter of 1987.

Operating revenues soared by 142 per cent to $175.2m on the strength of such successful releases as Moonstruck, Willow and The Living Daylights and strong results from the company's film distribution business.

Mr Lee Rich, the chairman brought in by Mr Kerkorian to rebuild the studios after years of decline, said that in two years, "we have taken the company from a start-up position and built it into a fully integrated entertainment company."

He said that the company's market share was 11 per cent in the five months to May, as against 1 per cent a year ago. Among the films made, Moonstruck has grossed $110m and Willow (which was released at the end of the third quarter) has taken $43.6m.

The company also sold four prime-time series to network television in the third quarter.

But Mr Kerkorian, who has shuffled and reshuffled film assets since he bought control of the MGM studio in the early 1970s, may not be willing to commit the time and capital to rebuild MGM/UA. He is seeking buyers for all or part of the company.

In the nine months to May, MGM/UA reported a net loss of $10.8m compared with $11.9m on an increase in revenues from $309.6m to $515.1m.

INTL. COMPANIES AND FINANCE

Shiseido first-half earnings fall 32%

By Ian Rodger in Tokyo

PRE-TAX PROFITS of Shiseido, the leading Japanese cosmetics group, tumbled 32 per cent to Y11.7bn ($87.2m) in the six months to May 31, mainly because of the costs of reorganising the distribution system.

Sales were off 2.6 per cent to Y163.8bn and net profit totalled Y3.8bn, down 48 per cent.

Last October, Shiseido announced a plan to reduce sales through wholesalers in an attempt to cut inventories. It said yesterday those inventories fell from Y53.1bn in May 1987 to Y38.8bn in May this year.

In spite of the setback at the interim stage, the group expects to show improvements in sales and profits in the second half.

For the full year to November, it is forecasting a pre-tax profit of Y23.3bn, up 39 per cent from last year's level.

Honda to take full control of NZ franchise

By Dai Hayward in Wellington

HONDA OF Japan is to take full control of its franchise in New Zealand by buying the established vehicle assembly operations and other assets from New Zealand Motor Corporation.

The Honda assembly operation is located in Nelson, South Island. Honda is buying the plant, plus the wholesale, parts and dealership operations of NZMC for NZ$50m (US$33.8m).

The deal involves 25 per cent of NZMC being sold back to Steel and Tube Holdings. The proposals signal a clean split between the companies, with the NZMC operation being left with the Rover franchise.

New Zealand shipping groups face staff cuts

By Our Wellington Correspondent

NEW ZEALAND'S involvement with international shipping may be reduced to the trans-Tasman route unless radical restructuring of the country's two main shipping companies occurs, according to Mr Michael Hirschfeld, chairman of New Zealand Line.

Both Mr Hirschfeld and Mr James Bryant, chief executive of Union Shipping Group, confirmed yesterday that they were meeting unions for talks on staff cutbacks.

Mr Hirschfeld said he was looking at cuts of about 300 among ship workers, with more redundancies expected for shore staff. The alternative, he said, was a fire sale of the company and a reduction in the company's routes to the New Zealand-Australia run only.

Mr Bryant said he was expecting redundancies to exceed 100.

Yamaha buys Minchali stake

By Our Financial Staff

YAMAHA, JAPAN'S leading musical instrument maker, has bought a 15.6 per cent stake in Minchali Metal Industry of Taiwan.

Minchali, located near Taipei, is capitalised at NT$3.2m (US$111,500) and is the country's largest maker of rolled copper products, producing 1,000 tonnes of rolled copper a month for the vehicle and electronics industries.

Minchali initiated the sale to raise the capital necessary to increase production capacity by 2,000 tonnes a month by 1990.

The stake will allow Yamaha to cut production costs through consignment production and imports of inexpensive copper products.

● Amada, Japan's leading builder of metalworking machines, expects group net profit of Y5.7bn ($42.5m) in the year ending March 31 1989, against Y3.1bn a year earlier.

Amada estimates a profit of Y11.5bn in the same period, after Y4.54bn a year ago; on sales of Y131bn, compared with Y115.1bn.

ANZ plans one-for-six rights to raise A$457m

BY OUR FINANCIAL STAFF

THE AUSTRALIA and New Zealand Banking Group is planning a one-for-six rights issue to raise A$457m (US$362.6m) at A$3.80 a share, on register from August 5.

The bank said shareholders would be able to choose whether to pay for the new shares in full on September 9 1988, or half on that date and the rest on September 10 1990.

The new shares will not rank for the final dividend for 1988 but will qualify in all other respects in proportion to the capital paid on them.

The partly paid shares will first rank for the full dividend after payment of the final dividend for the year ending on September 30 1989.

A statement released by the bank said: "The purpose of the issue is to increase the group's capital-to-asset ratio, having regard to the strengthening in the capital standards required of banks worldwide and the group's objective of maintaining the highest prudential standard."

The directors said such a policy supported the future development of ANZ's business and its expansion within Australia and overseas.

They forecast that the dividend rate on the capital increased by the new issue would not fall below the current level.

ANZ reported record profits in the first half of this fiscal year. After-tax group operating profits rose by 32.3 per cent to A$230.8m, compared with A$174.4m in the comparable period a year earlier.

In the first half-year, the bank declared a fully franked interim dividend of 12.5 cents on 709.72m shares in issue.

In the year ended September 30 1987, the group declared dividends totalling 21 cents.

ANZ Bank shares closed 6 cents lower yesterday, at A$4.64 a share on the Sydney exchange.

The rights issue will be managed by McCaughan Dyson Capel Cure and Potter Partners and will be underwritten by Potter Partners Underwriting.

Air-India to appoint new board

BY R.G. MURTHY IN BOMBAY

AIR-INDIA, the country's national carrier, is to have a new 15-member board from July 1, although Mr Ratan Tata, who has completed a two-year term at the airline, remains as chairman.

Mr Tata, who will head India's huge industrial combine, the Tata Group, when Mr J.R.D. Tata retires, was brought to Air-India as part of an experiment by Mr Rajiv Gandhi's administration to induct private-sector professionals into government-owned corporations.

But the airline became bogged down in a dispute with its chief executive. Air-India made a loss of Rs440m ($30.8m) in the year ended March 1988, against a budgeted profit of Rs240m. The airline's 1988-89 budget, which projects a revenue loss of Rs570m, has yet to be approved.

The board backed austerity measures and insisted on management preparing a corporate plan to bring the airline back into the black. Mr Rajan Jetley, who took over as managing director 14 months ago, ignored the directive. Legislation makes the chief executive of Air-India independent of the board and answerable to the Government.

Professional directors felt time was running out for them. In an interview in late May, Mr Dharni Sinha, a director, described what – in the board's view – had gone wrong with the airline and what needed to be done to remedy the situation.

Air-India has 10 Boeing 747s, three Airbus A-300 B4s and six A-310 aircraft. Two Boeing 747 Combis are to join the fleet by the end of the year.

Depreciation costs at the airline are high and it has yet to decide on which aircraft it will use for long-haul routes with thin traffic. Competition is tough and is aggravated by falling passenger yields.

Mr Sinha and another director, Mr Arun Nanda, have been removed from the board. But the re-appointment of Mr Tata as chairman is considered a signal to the chief executive to fall in line with the new board, which has a year's tenure.

INTERNATIONAL COMPANIES AND FINANCE

Deutsche Bank to expand in Argentina

By Our Frankfurt Staff

DEUTSCHE BANK, West Germany's biggest bank, is negotiating to buy 29 branches from Bank of America in the Buenos Aires region of Argentina.

The deal, which still requires approval from the Argentinian Central Bank and foreign investment authorities, will increase the bank's representation around Buenos Aires to 43 branches with 800 employees.

At present, Deutsche Bank is the third biggest foreign bank in Argentina after Bank of Boston and Citibank.

No price for the purchase has been disclosed. Bank of America has 35 branches in Argentina, but Deutscha Bank is buying only those in the Buenos Aires area.

The acquisition is part of the bank's strategic plan to expand in South America, where it sees substantial growth prospects, despite the debt crisis, according to Mr Alfred Herrhausen, its chief executive.

The bank is already heavily involved in Argentinian trade finance and claims to handle 35 per cent of Argentina's trade finance business with Germany.

Cascades pulls out of French joint venture

By Robert Gibbens in Montreal

CASCADES, the Quebec-based paper products group, has pulled out of a joint venture set up last year with Pinault of France to control and revive Chapelle Darblay, France's largest newsprint producer.

Cascades is selling its interest in Darblay to Mr François Pinault, the French industrialist, for C$8m ($6.6m) plus an undisclosed amount to cover Cascades' costs during tha past seven months in trying to revive the troubled French newsprint company.

Cascades already oparates three other paper products mills in France, accounting for more than C$200m of its total sales last year of C$528m.

It is looking for other acquisitions in France, using the proceeds from the sale of its Darblay interest.

George Graham on the French food group's purchase of HP and Lea and Perrins

BSN relishes move into UK sauces market

MR ANTOINE RIBOUD, the chairman of BSN, was born in Lyon, where they have their own very serious way of dealing with food.

At his age – he will turn a sprightly 70 on Christmas Eve – Mr Riboud seems unlikely to adopt English eating habits wholesale, but he is nonetheless enthusiastic about the opportunities created by his company's acquisition from Hanson Trust of the HP and Daddies Sauce companies, as well as the more upmarket Lea and Perrins.

"I consider it the Martell of the sauce business," Mr Riboud says with a wink in the direction of the vast price paid earlier this year for the family-owned cognac house. "You cannot reconstruct an enterprise like it with the same renown and penetration in the sauce market."

'Taste is becoming more universal and more neutral. Sauces will be used to put back the flavour'

BSN, which began in the glass industry, branched into the food sector with the acquisition of Gervais-Danone, becoming the world's leading producer of fresh dairy products. It is now France's largest foods and drinks producer, with leading European brands such as Kronenbourg beer, Panzani pasta, Evian and Badoit mineral water and Lanson champagne.

The group has recently been expanding rapidly in southern Europe. It has merged its Italian brewing operations with Peroni, the principal Italian beer producer and has acquired the leading Italian mineral water group San Gemini-Ferrarelle, both in co-operation with the Agnelli family's Ifil holding company.

In Spain BSN has also advanced into the mineral water sector, but has also expanded heavily in the biscuit market.

Mr Riboud says HP represents "the royal road" into the UK, where peculiar British nutritional customs and the relative concentration of the domestic food industry had made it difficult to penetrate the market.

"Everywhere else in Europe, except Great Britain, we were competing on equal terms with our competitors. It was a gap which had to be filled," he said in Paris yesterday.

"Now France has a real multi-product food company."

BSN exported only around FFr100m ($16.3m) a year of its products to the UK, though it had traditionally close links with the British glass producer Pilkington, which for years provided a BSN board member and to which it sold its West German flat glass operations. Now it will have an industrial presence in the country.

Besides the strong position of HP and Daddies brown sauces and Lea and Perrins Worcestershire sauce, which are estimated to have a place in 50 to 60 per cent of British kitchens, Mr Riboud sees a strong opportunity for developing BSN's own sales – and especially its sauces – though HP's UK distribution network and its outlets in 100 other countries, especially the US and Australia, where it has production plants.

Mr Riboud's group is the leading French sance maker with Amora ketchup and Maille mustard, and has been recording fast growth in this sector. Ketchup sales grew 23 per cent last year, mayonnaise 33 per cent and ready-made salad dressings 50 per cent.

"When we bought Amora from Sir James Goldsmith in 1981 it was number two, now it is number one with 49 per cent of the market," he says, noting proudly that Amora was the first to put out ketchup in a squeezy bottle.

The BSN analysis is simple: taste is becoming more universal, and in the process more neutral, so more and more sauces will be used to put back the flavour.

"What comes to save food from banality? The sauce. Look at the fantastic growth of fast food. What could be more banal than a hamburger? What stops it from being banal is the ketchup, and Amora is the best ketchup," says Mr Riboud, never one to miss a chance to sell his products.

The second part of Mr Riboud's analysis is that all over the world, the tastes of the south are invading the north.

"In America it is Mexican food which arrives, in Europe it is Italian, Spanish and French tastes. The English are fairly exceptional in taste and lifestyle, but we are confident that we will make English eating habits evolve by importing our exotic dishes."

Antoine Riboud and Nigel Worne, chairman of HP, raise their bottles to the future

BSN is paying £53m cash for HP, and at the same time assuming £146m of debts – a total of £199m, 17 times the company'a 1987 pre-tax profits of £12m and 23 times its estimated net profits.

Mr Riboud says this is right in the middle of the market range, close to the multiple of 25 paid by Nestlé for the Rowntree chocolate group, but it is still some way from BSN's usual target of bringing earnings up to a tenth of the purchase price within a period of four to five years.

The additional debt – BSN has not yet decided how much it will pay off – will not greatly overload the company's halance sheet. Total long-term debt at the end of 1987 stood at FFr4.1bn, down 11 per cent from the previous year.

Mr Ribood does not rule out further acquisitions in the UK – possibly a mineral water business.

For he sees it as essential to spread into all European markets, to compete against other major groups such as Unilever and Nestlé and to avoid losing customers who are introduced to other brands on their holidays or business travels.

"I cannot stand the thought of European tourists picking up had habits abroad and eating or drinking things which are not our brands," he says.

Massa profits decline after aggressive food pricing

BY HAIG SIMONIAN IN FRANKFURT

GROUP NET profits at Massa, the West German discount store chain closely associated with the Asko retailing group, fell to DM39.3m ($21.8m) last year from DM47.1m in 1986. Sales rose by 11 per cent to DM3.7bn.

More aggressive pricing in food retailing, Massa's traditional business, accounted for part of the decline in profits. The decline in food sales has been stopped, according Mr Helmut Wagner, the chief executive of Massa and Asko, and customers were being regained.

However, the biggest growth in turnover came from Massa's newer non-food activities. Sales of consumer electronics and furniture rose by 63 per cent and 46 per cent respectively last year.

Glossing ovar the profits decline, Mr Wagner concentrated on prospects for the two companies now that they are more closely linked. He stressed Massa, in which Asko has a 49.9 per cent stake plus share options, would retain its separate identity.

Meanwhile, Massa has raised its stake in Asko, which it bought last summer in response to Asko's purchase of its shares, to 19 per cent from 12.47 per cent. The new shares were bought at "post-crash prices," said Mr Wagner. He declined to reveal how much the stake had cost, but said Massa's total Asko shareholding had been bought at an average price of DM840 a share.

The two companies intend to develop their links further via a complicated series of transactions. In October, Massa will take on 14 of Asko's Basar discount stores, which will increase sales by about DM650m on an annual basis. No money will change hands, however, and the stores will still be owned by Asko, which will also keep charge of central services.

Asko and Massa have struck a profit-sharing agreement for the 14 stores. Massa will take 25 per cent of profits in the first year, 35 per cent in the second year and 50 per cent thereafter. Massa will also earn a 1.5 per cent turnover-based management fee for providing distribution services, which could be worth between DM6 and DM10m in additional annual profits, said Mr Wagner.

The transfer of Basar made strong business sense, he claimed, as the stores could be more effectively run by Massa than Asko. "Asko can be extremely pleased to have 75 per cent of an increasingly profitable group than 100 per cent of one which is in Massa's shadow," he said.

Massa was set to become a retailer with sales of DM5bn a year, which would make it the largest discount chain in southern Germany. The transfer to Massa of eight discount Esbella hypermarkets owned by Asko, with annual sales of DM400m, was a further possibility.

Mr Wagner also gave details of Massa's rights issue, announced late last month, which will raise DM206m. The new shares will be priced at DM275 each, against a closing price of DM349 in Frankfurt yesterday.

Asko intends to take up its full allotment in the deal, which will provide Massa with additional funds for further expansion, he said.

Dollar borrowers to raise $1.8bn

BY DOMINIQUE JACKSON

THE EURODOLLAR bond market received its most convincing vote of confidence in several months yesterday when a total of $1.8bn in new dollar straight bonds was launched, including a $1bn five-year issue for Italy, which was heralded as an important new benchmark for the sector.

Secondary market trading, however, remained subdued, with Eurodollar bonds and US Treasury issues locked within a narrow range as dealers waited to see whether the dollar's latest rally had finally run out of momentum. Activity was also muted as many professionals began winding down ahead of key US employment data due out tomorrow.

Dealers felt the rush of new paper would take some time to be fully absorbed, given current market conditions, as the dollar has come back somewhat over the last couple of days. Many added that the new deals would contribute to a softer tone in more seasoned issues as market operators switched out of less attractive paper for a pick-up on the yield of the new issues.

Credit Suisse First Boston led three of yesterday's dollar straights totalling $1.7bn in a characteristic syndication coup which left rival houses bitter that they had failed to secure the mandates, although they were reluctantly forced to admit to covert admiration of CSFB's achievement.

The $1bn Italy issue was the superior offering of the day and could be a candidate for the deal of the year. It was equal in size to the largest dollar straight bond ever previously issued, which was also for Italy in September of last year.

The bond was pitched at 9 per cent and 101.175 for a yield margin at launch of 53 basis points (hundredths of a percentage point) over comparable US Treasury issues.

According to one syndicate manager at a rival house: "The Italy was well-priced, well-handled and looks set to become an excellent benchmark. It has probably attracted several investors who are usually committed to the Treasury market."

The bonds saw excellent demand from a broad spread of international investors who appear to be regaining their appetite for the US currency in the light of its recent rally. "Investors everywhere are waking up to the fact that they have been and

INTERNATIONAL BONDS

are now more than ever seriously underweight in dollars. Japanese investors have been buying on and off for some time but the UK institutions have been back for dollars in a big way for a while and finally it looks as if Continental interest is picking up," said one Eurodollar dealer.

CSFB's follow-up, an 8¾ per cent deal at 101.175 for Denmark, was also fairly substantial at $600m, did not receive quite as rapturous a welcome and the rationale behind the timing of the issue, following directly the successful Italy deal, was questioned. However, the deal matures in 1991 and has a 2½ year life and was thought to be connected in some way with the swap arrangement for Italy.

Although both are sovereign borrowers, Denmark is not as popular an issuer as Italy and its credit rating is marginally lower. Its spread at launch of 55 basis points over the Treasury issue yield curve was not deemed generous enough for a borrower which taps the market as frequently as Denmark does and which is becoming increasingly difficult to syndicate.

CSFB said the two deals appealed to different types of investors and that the difference in their maturities would ensure fair demand for both issues. However, although the Italy deal was well bid comfortably within its fees, Denmark was reported to have fallen well outside its fee level by the end of the day.

CSFB said that Swiss retail demand was supporting its third deal of the day, a $100m three-year bond at 8½ per cent and 101¼ for American General. However, dealers were more sceptical and said the bond was not priced correctly for a US corporate name.

The same borrower also came to the Canadian dollar sector via Goldman Sachs International with a three-year deal at 10 per cent and 101¼. This was the first non-US dollar deal by the borrower and was said to be well supported within its total 1⅞ fees.

The deal was reported to be closely linked to the swap arrangement on Goldman's other deal of the day, a $100m bond for Montreal Trust Company of Canada. This was also a three-year deal and was pitched at 9 per cent and 101¼ for a 71 basis point yield margin over comparable Treasuries. Despite this apparently fair pricing, the deal suffered somewhat in the shadow of Italy and Denmark and was seeing slow but steady demand, slipping to trade marginally outside fees as the US bond markets eased.

Elsewhere in the primary market, syndicate teams confined themselves to the targeted and equity linked issues which have provided the bulk of new issue activity lately.

LTCB International led a Y5bn *five-year floating-rate note issue* for Danish Sparekassen SDS. The deal is priced at 100.10 and will pay a semi-annual coupon equivalent to the fixed floating-rate yen swap rate less 30 basis points. Although this is not an unusual formula for domestic loans, it is the first time it has been used on a Euroyen issue.

Nikko Securities led a $70m deal with equity warrants for C. Itoh Fuel. The coupon on the five-year deal is indicated at 4¼ per cent.

Warburg Securities said it priced its recent $200m convertible issue for Telefonica de Espana. The coupon was set at 4 per cent, within the indicated range, and the conversion price was fixed at Pta1130, which represents a 15.4 per cent premium over Tuesday's closing share price.

In West Germany, the bond markets continued to move closely in line with the US dollar's performance on the foreign exchanges. Domestic bond prices opened a little better as the dollar eased in European trade but as the US unit strengthened, most gains were erased.

In Switzerland, bond prices were little changed in low volume where investors' attention was focused on the stock market. The recent equity warrant deal of SFr125m for Mr Carlo de Benedetti's CIR International closed its first day of trade at 100⅞.

Bank Leu led a six-year SFr150m deal for the European Investment Bank at 4⅞ and 100⅞. The bond features a call option.

Swiss Bank Corporation led a SFr80m seven-year deal for the Industrial Credit and Investment Corp of India, guaranteed by India. The coupon was set at 5⅞ per cent and the bond was priced at 100⅞. The bond was seeing excellent demand, according to dealers.

In France, Banque Paribas led a FFr1.5bn convertible deal for *rubber company Michelin*. The deal matures in January 1998, carries a 6 per cent coupon and is priced at par.

Banca Commerciale Italiana in Milan led a L150bn eight-year Eurobond deal for the European Investment Bank at 10¼ per cent and 101½.

NYSE may lift ban on programme trading

By James Buchan in New York

THE NEW YORK Stock Exchange will today consider lifting its controversial limit on computerised stock trading, which it imposed in January in a bid to reduce the market's volatility and win back small investors rattled by the October crash.

In its place, the exchange's board will attempt to reassure small investors by letting them execute their bargains before institutions on days when trading is choppy.

The exchange would not comment yesterday on reports of the proposed changes, which have been circulating on Wall Street for two days. But traders say that the programme trading ban continues to be criticised by regulators and professionals and the exchange, under the chairmanship of Mr John Phelan, is set on reform.

The ban, which was implemented in February after a three-week experiment, prevents professional traders from using the exchange's Superdot electronic order processing system for a kind of programme trading called stock index arbitrage when the Dow Jones Industrial Average rises or falls 50 points in a day.

The Superdot system was originally designed to execute small trades but was increasingly swamped by institutions selling and buying baskets of stocks to take advantage of tiny price differentials with related securities, such as stock-index futures.

Critics say the 50-point collar, as it is known, is ineffective or may even make the market more volatile. Among regulators, Mr Alan Greenspan, chairman of the Federal Reserve Board, says he is opposed to excessive limits on stock index arbitrage.

"It's good that the exchange did something to bring back confidence, but nobody ever said that the collar was a good idea in itself," said Mr Robert Gordon, president of Twenty-First Securities, a leading critic of the collar.

Under the new plan, which will be discussed at the monthly exchange board meeting today, a trade involving fewer than 1,000 shares will be labelled and automatically routed ahead of larger orders in the Superdot queue on days when the Dow moves 25 points each way.

Montagu set to launch $100m Venezuelan FRN

BY STEPHEN FIDLER, EUROMARKETS CORRESPONDENT

MIDLAND MONTAGU is expected to launch later this month a floating-rate note issue of at least $100m for Venezuela, marking the country's second foray into the Eurobond market this year.

The issue is being lead-managed by Montagu after the British merchant bank snatched the mandate from Chase-Manhattan of the US, originally lined up to raise the funds.

The notes, all to be redeemed after five years, are thought likely to carry an interest rate margin over London interbank offered rates of 1⅞ percentage points.

The issues are part of the country's declared policy of making a gradual return to the international capital markets. However, the expected margin on the note issue compares with the ⅞ point margin being paid on its debt to international banks and underlines the cost of free access to these markets.

The first issue, which marked the country's return to the international capital markets following the Latin American debt crisis which struck in 1982, was launched in February and managed by J.P. Morgan. The five-year bonds paid a fixed rate of interest of 11¼ per cent, which at launch was 3⅛ percentage points over the five-year US Treasury bond.

These bonds were placed in part with Venezuelan banks and insurance companies, and the new notes are also expected to be partly placed with these institutions.

A Chase official said Montagu won the mandate because of a more tightly-priced bid. He added, however, that the Montagu-led bond issue would in effect replace maturing bank loans. "It's not an incremental source of fresh dollars."

By contrast, the Chase proposal would have found new investors among those with diversified high-yield bond portfolios.

Montagu said it was expected that some of the issue would be placed inside Venezuela, but that the issue would provide new funding too.

Venezuela, which rescheduled about $21bn of its $35.8bn foreign debt last year, is one of the few Latin American borrowers making repayments of principal on its bank debt. In spite of worries that its external position is worsening, the country has been rigorous in staying current on all its outstanding capital market instruments.

Poor response for Italian paper issue

BY ALAN FRIEDMAN IN MILAN

AN OFFER by the Italian Treasury of five-year variable-yield certificates and four-year fixed-rate paper was severely undersubscribed yesterday.

Analysts said the lack of institutional interest reflected their desire for shorter-term maturities. Five and four paper is widely felt to be too long for Italian fixed-debt markets which have been unsettled by the worldwide trend to higher interest rates.

The Bank of Italy said that investors subscribed only L1,050bn ($776.6m) of a L4,000bn offer of five-year notes. The notes, known as CCTs, carry a net yield calculated for the first year at 10.97 per cent (after withholding tax). This compares with a net 10.60 per cent on last month's paper.

The issue of four-year BTP notes yielding 10.81 per cent net fared somewhat better, but even so investor interest was limited. Investors subscribed L1,350bn out of L2,000bn on offer.

The 10.81 per cent yield compared with a 10.61 per cent net available on the last issue of four-year BTP notes.

Evidence of the market's stronger interest in shorter term paper came last Friday when the first tranche of a two-year fixed-rate offer of BTP notes was sold out on the first day of the auction.

Meanwhile, the Italian Treasury announced yesterday that it would be raising the yield on six and 12-month certificates that it plans to sell at its regular middle of the month refunding auction. The Treasury will be seeking to sell a total of L8,250bn of bills.

The effective net yield on the six-month notes has been raised from 9.19 per cent to 9.62 per cent. The net yield on the 12-month issue is up to 9.83 per cent from 9.43 per cent.

Manny Hanny sells unit to Bankers Trust

By Our Financial Staff

MANUFACTURERS Hanover Trust has sold its Luxembourg-based Eurobond operating service subsidiary, Manufacturers Hanover Bank Luxembourg, to Bankers Trust.

Manufacturers Hanover said the Luxembourg operation was no longer central to its strategic thrust in western Europe. However, Manufacturers Hanover remains a leading competitor in the securities paying agency business, which will continue to be generated and serviced from other domestic and foreign locations.

This acquisition is the third of its kind for Bankers Trust over the past 18 months. During 1987, the bank acquired the corporate trust and agency businesses of Wells Fargo Bank and European American Bank.

Shearson plans international buyout fund

By Our Financial Staff

SHEARSON LEHMAN Hutton, the US investment house, is launching an international buyout fund aimed at Japanese institutions.

Shearson group companies, including part-owner American Express, will take a stake in the fund and will invest at least $600m, said Mr Toshio Fukuda, senior vice-president at Shearson in Tokyo.

The fund, the Shearson Lehman Hutton Merchant Banking Fund, could be as large as $1.5bn.

Banks attack stamp duty plan

BY WILLIAM DULLFORCE IN GENEVA

SWISS BANKERS yesterday returned to the attack against federal stamp duties, which they claim are undermining Switzerland's ability to compete as a financial centre.

The Bankers' Association issued a statement complaining about the refusal of Mr Otto Stich, the Finance Minister, to either accept proposals for cuts in stamp duties submitted by a group of experts set up by his own ministry or to follow recommendations for relief from the federal parliament.

The experts had suggested, among other proposals, the abolition of stamp duties on short-term money market transactions and on trading in shares and bonds by foreigners through Swiss banks.

In recent discussions, the Bankers' Association reported, Mr Stich had offered a choice:

- *Accept the experts' recommendations* but without the repeal of the duties on money market and foreign-to-foreign dealings, or;
- Include the foreign-to-foreign transactions, but in return accept the imposition of a duty on fiduciary operations similar to that now effective on money-market business.

The association has rejected both alternatives.

Asked yesterday to substantiate its claim that stamp duties were damaging Swiss competitiveness, the association produced figures showing that the average annual growth rate in banks' foreign liabilities between 1975 and 1986 had been 14 per cent in Switzerland, compared with 27 per cent in Japan and more than 23 per cent in the UK.

During the same period, annual growth in Swiss stock exchange turnover had averaged less than 21 per cent, against more than 28 per cent in Japan and 25 per cent in Germany.

Goldman Sachs executive quits for Kleinwort

By Our Euromarkets Staff

MR NELSON ABANTO is to leave his position as head of fixed-income operations at Goldman Sachs International to join Kleinwort Benson, with effect from December 1 this year.

Mr Abanto's appointment follows last week's resignation from Kleinwort of Mr. John Salmon, who previously ran its Eurobond trading and sales operation.

Mr Abanto is to take up a senior post as head of Kleinwort's debt securities division, which encompasses its gilt-edged market making, international bond and swap operations.

A senior Goldman Sachs official said Mr Abanto had contributed significantly to the successful development of the company's fixed-income operations in Europe since he came to London in 1986. His departure was amicable, he added.

Although movements of key market figures between Eurobond houses are not uncommon, the departure of such a senior figure to join a rival house is considered unusual. Mr Abanto joined Goldman Sachs in 1975 and became a partner in 1982.

Kleinwort said Mr Abanto's appointment was a clear indication that it remained committed to the Eurobond market, contrary to recent reports that it was considering radical cuts in its fixed-income operations.

Nomura gains Swiss licence

By William Dullforce In Geneva

NOMURA SECURITIES, Japan's biggest securities house, has been awarded a Swiss banking licence. It will change the name of its present company in Zurich to Normura Bank (Switzerland) and increase its capital from SFr20m to SFr50m ($33.1m).

The award of a full banking licence to Normura indicates that the problems over reciprocity between Japan and Switzerland are gradually being resolved.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on July 6

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	94⅞	95⅛	-0⅛	0	9.11
All Nippon Air 9⅝ 97	100	†96⅛	96⅝	-0⅛	-0⅛	9.98
American Brands 8⅞ 92	150	†99⅛	99⅝	0	+0⅛	9.02
A/S Eksportfinans 7⅞ 93	100	†93⅛	94	-0⅞	-0⅛	9.11
A/S Eksportfinans 8⅞ 92	150	95⅛	95⅝	+0⅛	-0⅛	8.80
Barc. Bk. Fin. 10⅛ 89	200	†102	102½	-1⅛	-0⅞	8.45
Belgium 9⅛ 92	400	†100	100⅛	+0⅞	+0⅞	9.05
British Telecom 7⅞ 96	250	90⅞	90⅞	0	+0⅛	9.34
Cai.Natl. Telecom 8⅞ 93	160	†98⅛	98⅞	-0⅞	-0⅛	8.89
Canada 9 96	1000	99½	100	0	+0⅛	9.03
Canadian Pac 10⅛ 93	100	†103½	104⅛	0	0	9.69
C.C.C.E. 7½ 91	113	†95⅛	95⅞	-0½	-0⅛	8.73
C.N.C.A. 7⅞ 91	150	95⅛	95½	0	+0⅛	8.88
Coca-Cola Ent. 8⅞ 90	100	†99⅛	99⅞	0	+0⅛	8.59
Credit Lyonnais 9 91	200	100⅛	100⅞	-0⅛	-0⅛	8.74
Credit National 8⅞ 93	200	96⅞	97⅛	-0⅛	-0⅛	9.03
Credit National 7⅞ 92	100	95	95½	0	0	8.89
Credit National 7⅞ 91	150	95⅛	95⅞	+0⅛	-0⅛	8.79
Denmark 7⅞ 92	500	94⅞	94½	-0⅛	-0⅛	9.01
E.E.C. 7 91	100	95	95⅛	-0⅛	0	8.64
E.E.C. 7⅞ 93	250	93⅛	93⅞	0	+0⅛	8.96
E.E.C. 8⅞ 96	100	†93⅞	94⅛	-0⅛	+0⅛	9.35
E.I.B. 7⅞ 93	100	94⅛	94⅞	-0⅛	-0⅛	8.99
E.I.B. 9⅞ 97	150	100⅛	100½	-0⅛	+0⅞	9.33
Elec. De France 9 98	200	96⅞	97⅛	-0⅛	+0⅛	9.47
Finland 7⅞ 97	200	90⅞	91	-0⅛	0	9.51
Finland 7⅞ 93	200	93⅛	94⅛	-0⅛	-0⅛	9.02
Finn. Exp. Cd. 8½ 92	200	98⅞	99⅛	+0⅛	+0⅛	8.80
Ford Motor Credit 8 91	250	98	98⅞	-0⅛	-0⅛	8.78
Gen Elec Credit 10⅛ 00	200	101⅛	101⅞	0	+0⅞	10.02
G.M.A.C. 8 89	250	99⅛	99⅞	0	-0⅛	8.45
G.M.A.C. 8⅞ 89	200	99⅞	100⅛	+0⅛	-0⅞	8.24
Hoesch 8⅞ 97	100	†94	94½	-0⅛	+0⅛	9.23
Italy 9 90	1000	100⅞	101⅛	0	-0⅞	8.39
L.T.C.B. of Japan 8 91	150	98⅛	98⅞	-0⅛	+0⅛	8.65
L.T.C.B. of Japan 8 97	200	90½	90½	0	+0⅛	9.72
Mercds-Benz Cd. 8⅞ 95	100	96⅞	96⅞	0	0	9.21
Metropolis Tokyo 9½ 93	200	101⅞	101⅞	-0⅛	0	9.02
Morgan Guaranty Tst. 7 90	150	97⅛	97⅞	+0⅛	-0⅛	8.62
Norway 8⅞ 93	500	99⅞	99⅞	+0⅛	+0⅛	8.83
Pepsico Inc 7⅞ 93	200	†94½	95	-0⅛	+0⅛	8.74
Portugal 8⅞ 92	300	98	98⅞	0	+0⅛	9.03
Prudential Crp. 8⅞ 94	125	99⅞	100⅛	-0⅛	+0⅛	8.77
Qantas Airways 10⅛ 95	140	104⅛	104⅞	+0⅛	+0⅛	9.47
Saab Scania 9½ 91	125	†101⅛	102⅛	-1⅛	-0⅞	8.57
Saskatchewan 10⅛ 92	100	105	105½	0	+0½	8.97
State Bk S Aust 9⅛ 93	100	100	100⅛	-0⅛	0	9.19
Swed Exp Cred 7⅞ 91	100	†95⅛	95⅞	0	+0⅛	8.75
Swed Exp Cred 10 92	100	†102½	103	-1⅛	-0⅞	9.12
Sweden 7 91	250	95⅛	95⅛	-0⅛	-0⅛	8.62
Sweden 7 92	250	†94½	95	-0⅞	-0⅛	8.74
Sweden 8⅞ 96	200	96⅛	97⅛	0	+0⅛	9.32
Sweden 8½ 92	200	†99½	99⅞	0	+0⅛	8.60
Victorian Rep 11⅛ 92	150	107½	108	-0⅛	+0⅛	9.11
World Bank 7 92	300	†94⅞	95⅛	0	+0⅛	8.71
World Bank 9 97	300	98⅛	98⅞	-0⅛	+0⅛	9.24
Yasuda Trust Fin 8⅞ 93	100	97⅛	97⅞	0	+0⅛	9.21
Average price change... On day -0⅛ on week -0⅛						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 6 94	200	100⅛	101⅛	0	+0⅛	5.80
Avis Fin. SVS 5⅞ 92	100	†102⅛	102⅞	0	+1	5.10
Bank of Tokyo 5⅞ 93	100	†102⅛	103⅛	0	+0⅛	5.03
Central Bk. Turkey 7 92	200	†104	104⅞	0	+0⅛	5.83
Commerzbank o/s. 5⅞ 93	300	†99⅛	100⅛	0	+0⅛	5.37
Degussa Int. 6⅛ 97	200	98⅞	99½	+0⅛	-0⅛	6.25
E.I.B. 5½ 98	150	96⅛	97	0	+0⅛	5.96
E.I.B. 6 97	300	98⅞	99½	+0⅛	+0⅛	6.13
E.I.B. 6⅛ 96	300	100⅛	100⅞	+0⅛	+0⅛	6.04
E.I.B. 6⅛ 97	400	99⅞	100⅛	0	0	6.16
E.I.B. 6⅞ 95	300	104⅛	105⅛	0	+1	6.01
Euro. Coal & Steel 5⅞ 97	175	97½	98⅛	+0⅛	+0⅛	6.19
Eurofima 6⅛ 96	100	100⅛	101⅛	0	0	6.13
Elec De France 5⅞ 97	300	96⅛	97⅛	0	+0⅞	6.21
Forsmark Krtg. 5⅞ 93	200	100	100½	0	-0⅛	5.06
I.A.O.B. 6 97	200	98⅞	99⅞	0	+0⅛	6.17
IBJ 5⅞ 92	100	†101⅛	101⅞	0	+0⅛	5.46
Japan Finance 5⅞ 97	100	95⅞	96⅛	+0⅛	+0⅛	6.40
Ireland 6½ 97	300	†100	100⅛	0	+0⅛	6.46
Korea Dev BK 6⅞ 93	100	102	102⅞	-0⅛	+0⅛	6.05
Malaysia 6⅛ 94	150	99⅞	100⅛	-0⅛	+0⅛	6.22
Nat. West BK. PLC 6 98	300	97⅛	97⅞	0	+0⅛	6.36
Oesters. Kontbk. 5 93	300	99⅛	100	+0⅛	+0⅛	5.09
Portugal 5⅞ 92	150	100⅛	101⅛	0	+0⅛	5.54
Portugal 6⅞ 95	150	100⅛	100⅞	0	0	6.53
Privatbanken 5⅞ 93	150	99	99½	0	+0⅛	5.43
Royal Insurance 5½ 92	300	†100⅛	101⅛	0	+0⅛	5.19
Statoil 6⅛ 97	200	†98⅞	99	0	+0⅛	6.44
Soc Cent Nuclear 7⅞ 95	150	103⅛	103⅞	0	-0⅛	6.61
Westib. Finance 5 93	200	†99⅛	99⅞	0	+0⅛	5.15
World BK. 6⅛ 97	600	100⅛	100⅞	+0⅛	+0½	6.15
Average price change... On day +0 on week +0⅛						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev. Bk. 5⅛ 96	100	†102⅛	102⅞	-0⅛	-0⅛	5.23
Asfinag 5 02	150	†99	99⅛	+0⅛	-0⅛	5.09
Bk. Fren. Econ. Usr 5 98	100	†100	100½	0	0	4.96
Bayer W/W 2½ 02	250	†100	100⅛	+0⅛	+0⅛	2.49
Bayer. Vrsabk. Os. 4⅞ 98	100	†99⅛	100	-0⅛	-0⅛	4.76
Elec. De. France 5 07	100	†99⅛	100	0	0	5.02
E.I.B. 4⅞ 97	200	†100⅛	100½	0	+0⅛	4.70
E.I.B. 4⅞ 97	200	†98⅛	99	-0⅛	-0⅛	4.78
Esso Gutzelt 5 99	100	†100⅛	100⅞	0	+0⅛	4.92
Ireland 5 02	150	†98½	99	0	+0⅛	5.13
Nippon Suis. Ksha. 4⅞ 93	80	†101⅛	102	-0⅛	-0½	4.24
Occident. Petrol 5⅞ 92	100	†103⅛	104	+0⅛	+0⅛	4.55
Prov. of Manitoba 4⅞ 02	200	†99	99½	-0⅛	+0⅛	4.85
Prudential Fin. 4⅞ 98	200	†99⅛	99⅞	+0⅛	+0⅛	4.81
Qantas Airways 4⅞ 97	110	†97⅛	98	-0⅛	+0⅛	5.06
Trans-Can. Pipe 4⅞ 94	100	†100½	101	-0⅛	-1	4.71
Usf+g. 5½ 96	120	†102⅛	103	-0⅛	-0⅞	5.03
Victoria Pub. Ath. 5⅞ 03	118	†101	101⅛	-0⅛	+0⅛	5.23
World Bank 5 02	200	†98½	99⅛	-0⅛	-0⅛	5.11
Average price change... On day -0⅛ on week -0⅛						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅛ 92	55	100⅛	101	+0⅛	0	5.14
Belgium 4⅞ 94	45	95½	95⅞	0	-0⅛	5.51
Canada 4⅛ 92	80	97⅛	97⅞	+0⅛	-0⅛	5.09
Elec. De France 5⅛ 94	20	98½	99	0	-0⅛	5.38
Ireland 5⅛ 93	30	99½	100	0	0	5.18
Norway 5⅛ 95	50	97½	97⅞	0	-0⅛	5.55
Rep. of Italy 5⅛ 92	150	102⅛	102⅞	0	-0⅛	5.04
Sweden 4⅞ 93	50	97⅛	97⅞	0	-0⅛	5.23
World Bank 5½ 92	50	101⅛	101⅞	0	-0⅛	5.02
Average price change... On day +0 on week -0⅛						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. BS. 10⅛ 93 £	50	99⅛	99⅞	+0⅛	0	10.32
Alg. Bk. Ned. 5⅞ 92 FL	150	100⅛	101⅛	-0⅛	-0⅛	5.29
Amro Bank 6⅛ 92 FL	150	101	101⅛	-0⅛	-0⅛	5.84
Barc. Aust. 14 91 A$	20	101	101½	+0⅛	+0⅛	13.43
Barc. Bk. 10⅛ 97 £	250	96⅛	97⅛	+0⅛	0	10.77
BP Capital 9⅞ 93 £	100	97⅞	98⅛	0	-0⅛	10.24
British Airways 10 98 £	100	95	95½	0	+0⅛	10.80
C.I.B.C. Mort. 10⅞ 93 C$	100	†100⅞	101⅛	-0⅛	-0⅛	10.47
Coop. Ctr. Rabo. 6⅛ 93 FL	100	101	101½	0	-0⅛	5.92
Coop. Ctr. Rabo. 6 92 FL	200	100	100½	0	-0⅛	5.93
Denmark 7⅞ 92 ECU	100	102⅛	103⅛	0	-0⅛	6.75
Deutsche Bank 9⅞ 97 £	75	†95⅛	95⅞	-0⅛	-0⅛	10.67
Dept. Bk. Aust. 12⅛ 95 A$	70	100	100⅛	0	+0½	12.68
E.I.B. 10⅛ 98 C$	130	†98⅛	99⅛	-0⅛	+0⅛	10.30
E.I.B. 8⅛ 93 LF	10	†101⅛	102⅛	0	-0⅛	8.13
Elec. France 10⅛ 95 C$	125	†100⅛	101⅛	-0⅛	+0⅛	10.06
Euratom 7⅛ 97 ECU	145	96⅛	96⅞	+0⅛	+0⅛	7.94
Eurofima 7½ 92 FL	50	†106½	108½	0	0	5.27
Fed. Bus. Dv. Bk. 9⅞ 92 C$	75	†99⅛	100⅛	-0⅛	+0⅛	9.78
Ford Cr. Can. 10⅛ 93 C$	100	†101⅞	102⅛	-0⅛	+0⅛	10.11
Gillette Can. 9⅞ 93 £	70	94½	95⅛	-0⅛	-0⅛	11.00
G.M.A.C. 9⅞ 93 C$	150	†98⅞	99⅛	-0⅛	+0⅛	10.00
S.M.A.C. 9⅞ 92 C$	75	†99⅛	100⅛	0	0	9.23
S.M.A.C. Aus. Fin. 14 90 A$	50	101	101½	0	+0⅞	13.24
Halifax BS 10⅛ 97 £	100	97⅛	97⅞	-0⅛	0	10.79
Heincken NV. 6½ 91 FL	150	†101⅛	102⅛	-0⅞	-1	5.57
Imp Chem Inds 10 03 £	100	95⅛	95⅞	+0⅛	-1	10.59
Inv. Industry Int. 10 93 £	60	98	98½	+0⅛	0	10.46
Lloyds Bank 10⅛ 98 £	150	95½	96	0	0	10.96
Mtge. Bk. Den. 6⅛ 91 FL	100	102⅛	103⅛	0	-0⅛	5.59
Nat. Australia 14 92 A$	50	101	101⅛	-0⅛	+0⅛	-0.14
Nat. West. Bk. 13⅛ 92 A$	50	†100⅛	101⅛	-0⅛	-0⅛	12.79
Nationwide BS 10⅛ 93 £	75	98⅛	98⅞	0	-0⅛	10.55
Ned. Midd. Bank 6 92 FL	150	100½	101⅛	0	-0⅛	5.76
New Zealand 9½ 93 £	100	96	96½	0	-0⅛	10.51
New Zealand 7⅞ 93 ECU	200	101⅛	101⅞	0	+0½	7.34
Oesters. Ktbk. 13⅛ 94 A$	75	102⅛	102⅞	-0⅛	+0⅛	13.02
Prudential Fin. 9⅞ 07 £	150	88⅛	88⅞	+0⅛	+0⅛	10.81
Royal Bk. Scot. 10⅛ 98 £	125	97⅛	98⅛	-0⅛	+0½	11.02
S.D.R. 7⅞ 95 ECU	90	99⅛	99⅞	0	+0⅛	7.81
Wstd. Lb. Fin. 12⅛ 93 A$	50	†99⅛	100⅛	0	-0⅛	12.54
World Bank 5⅞ 92 FL	100	101⅛	102	+0½	-0⅛	5.25
World Bank 13⅛ 92 A$	100	†100⅛	100⅞	0	+0⅛	13.15

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	†.0312	100.16	100.26	13/12	7.91
Alliance & Leic. Bld 94 £	.08	99.33	99.38	21/07	8.33
Belgium 91	0	100.20	100.30	22/08	7
Britannia 5 93 £	0⅛	99.74	99.79	8/07	8⅞
Chase Manhattan Corp 91	0⅛	99.28	99.45	22/08	6.94
Citicorp 98	10⅛	97.05	97.30	31/08	7.69
EEC 3 92 DM	10	100.42	100.52	22/08	3.56
Halifax 95 £	.1	99.59	99.64	9/08	8.47
Invt. in Industry 94 £	0	99.44	99.54	24/08	7.81
Leeds Perm. B/S. 94 £	0⅛	99.95	100.00	13/07	8.37
Midland Bank 01 £	.1	94.37	95.87	11/08	8.54
Milk Mkt. Brd. 5 93 £	0⅛	99.69	99.74	30/06	8.81
New Zealand 5 97 £	.07	99.71	99.81	18/08	7.81
New Zealand 5 01	0	99.72	99.82	4/08	6.98
United Kingdom 5 92	10	100.02	100.12	7/07	6.94
Woodside Fin. 5⅛ 97	10	99.74	99.84	28/07	7.31
Woolwich 5 95 £	0⅛	99.32	99.37	19/08	7.67
Average price change... On day +0.02 on week +0.02					

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Alcoa 6⅛ 02	8/87	62	105⅛	106⅛	+0⅛	24.58
Alco Health 6⅛ 01	†7/86	26.25	111⅛	112⅛	+1	1.38
American Brands 7⅛ 02	9/87	56.7	102	103	+0⅛	19.83
Primerica 5½ 02	4/87	66.75	86	87	+0⅛	62.89
Ashikaga Bank 2⅛ 02	4/87	967	122⅛	124⅛	+2⅛	0.34
Asics 5 92 DM	†12/83	472.7	201	203	+2	6.26
CBS Inc. 5 02	4/87	200	92⅛	93⅛	+1⅛	15.42
Fuji Hvy Inds 5 00	*8/85	676	236⅛	236⅛	0	4.87
Fujitsu 3 99	5/84	1106	254	255	+15	9.09
Kinki-Sogo Bk. 2⅞ 03 US	4/88	1069	118⅛	119⅛	+2⅛	-3.72
Land Secs. 6⅛ 02 £	6/87	6.72	96⅛	97⅛	-0⅛	16.28
MCA INC 5½ 02 US	9/87	69.62	82⅛	83⅛	+0⅛	37.18
Minolta Camera 2⅛ 94 DM	2/86	1004	102⅛	103⅛	-0⅛	19.98
Mitsubishi Bk. 2⅛ 02 US	9/87	3157	108⅛	109⅛	+3⅛	8.12
Mitsui Tst 2⅞ 01	10/86	1903	125⅛	127⅛	+5⅛	4.16
Next PLC 5⅞ 03 £	11/87	4.3	101⅛	102⅛	+0⅛	76.20
Nishi Nipp. Bk 2⅞ 03 US	4/88	804	117⅛	118⅛	+0⅛	2.12
Omron Tateisi 2⅞ 02	4/87	1310	207⅛	209	+10⅛	2.74
Ranks Hovis 4⅞ 03 £	1/88	3.5	120⅛	121⅛	+0⅛	3.31
Redland 7⅛ 02 £	1/87	5.4	89	89⅛	0	16.86
Texas Inst. 2⅛ 02 US	9/87	82.87	79⅛	80⅛	+0⅛	34.03
W.R. Grace 6⅛ 02 US	9/87	42.12	86½	87⅛	0	38.50

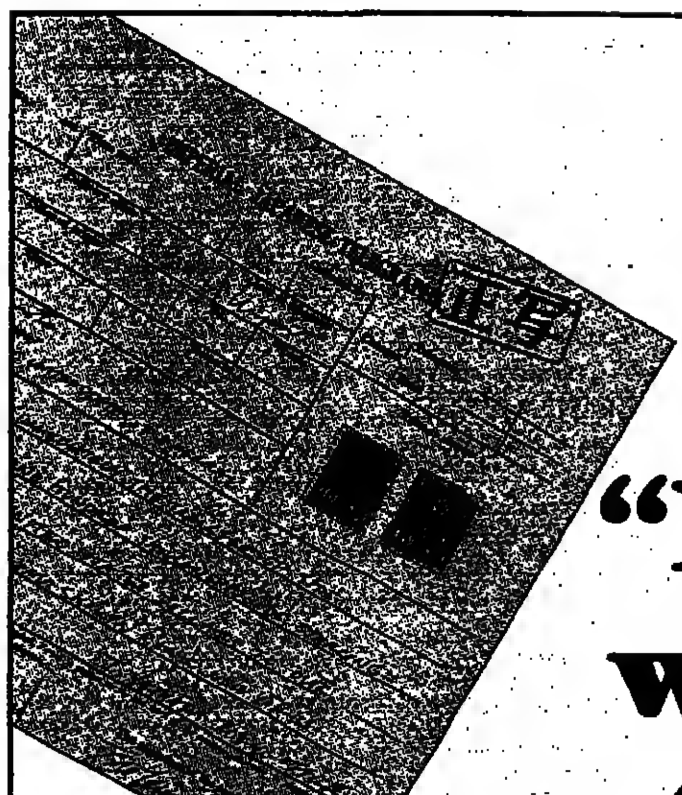
* No information available—previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price, the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month, above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.



70 YEARS OF DEDICATION 70th

"Honourable Banker, would you be so kind as to buy this telegram?"

Or, How the Time Difference Helped Nikko Securities Launch a $200 Billion Business.

It happened one morning in Tokyo in 1921.

Gen-ichi Tohyama, owner of a tiny, 3-year-old securities brokerage house, was given the chance of a lifetime.

Just as prices of foreign bonds in Japan were sagging, and investors rushed to sell their holdings, Tohyama found a buyer.

And a very, very big one, at that.

But he also had one very big problem.

At a time when it was customary to settle all bonds transactions in cash, *and within the same business day*, this client could only pay for the bonds through its New York office.

What was to be done?

Tohyama, of course, had no means of his own to finance a deal this big.

But a remittance from America would take *three days*. Even the fastest telegrams took four hours to get there. And with New York fourteen hours *behind*, the client's funds would never arrive in Japan in time to buy the bonds from those anxious to sell that day.

The other securities houses withdrew. The time difference seemed an insurmountable barrier.

But was it?

To Tohyama, it suddenly seemed the key to the whole dilemma.

For as long as New York *was* fourteen hours behind, the deal *could* be completed that day—in New York!

By 2:00 p.m., Tohyama had convinced his buyer to send a telegram to its New York office to authorise a transfer of funds worth a hundred thousand pounds sterling to the Yokohama Specie Bank (Japan's only foreign exchange bank) in New York.

By 2:30, he had taken a copy of the telegram to the bank's headquarters in Tokyo.

And with that flimsy, unfamiliar piece of paper (literally, an "Imperial Government Forwarded Message") as collateral, he ventured to make an unheard-of request.

"Honourable banker, would you be so kind as to buy this telegram?"

The rest is history.

Within the hour, Tohyama had obtained the funds to purchase a hundred thousand pounds worth of foreign bonds for his buyer.

He had also opened up whole new possibilities in overseas transactions.

And sent business soaring for his little securities house.

This is Nikko Securities' very first success story.

Today, as we commemorate our 70th anniversary, we have over $200 billion in assets in custody.

Our worldwide organisation is 14,500 people strong.

But we still cherish the global vision and the ingenuity that prompted Tohyama to make that first, unorthodox request.

We still believe creative thinking is the best way to respond to changing customer needs.

And the *only* way we can continue to grow for the next 70 years, and beyond.

NIKKO

The Nikko Securities Co. International, Inc.
One World Financial Center-A, 200 Liberty Street, New York, NY 10281, U.S.A.
Telephone: 212-416-5400, Telex: 232861

The Nikko Securities Co., Ltd.
3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100, Japan
Telephone: 03-283-2211, Telex: J22410

The Nikko Securities Co., (Europe) Ltd.
55 Victoria Street, London SW1H 0EU, United Kingdom
Telephone: 01-799-2222, Telex: 884717

The Nikko International Network / ZURICH GENEVA FRANKFURT LUXEMBOURG PARIS COPENHAGEN MILAN MADRID AMSTERDAM BAHRAIN SAN FRANCISCO LOS ANGELES CHICAGO TORONTO HONG KONG SINGAPORE SYDNEY MELBOURNE SEOUL BEIJING QINGDAO SHANGHAI

Raymond Snoddy looks at the background to the $320m acquisition of MTM by TVS

The American kitten finds a British home

MR ARTHUR PRICE is a small dapper American with a greying beard and a sparkle in his eye.

This seems consistent with his position as president and chief executive of a television company that chose as its trademark a miaowing kitten, gently spoofing the roaring lion of Hollywood film studio MGM, and which has made ground-breaking television programmes like Lou Grant, Hill Street Blues and St Elsewhere.

"The noise you heard when I came in was the chains," he jokes as he settles back to explain why he and his three partners decided to sell MTM Entertainment, their private production company, to Television South in a deal worth $320m (£190.5m)

"I'm more nervous about how I'm going to be an employee, than about the deal," adds Mr Price, who says it will be the first time he's been an employee for 25 years.

The "chains" that will bind him to the new company that is being created out of the acquisition – TVS Entertainment – are real enough and are both financial and intellectual.

Mr Price and the other MTM owners, Mary Tyler Moore, the comedy actress, Mr Mel Blumenthal, senior executive vice-president, and Tom Palmieri, executive vice-president, are taking a quarter of the purchase price in TVS Entertainment shares worth more than $40m – shares they will not be able to sell for at least five years. In addition the executive directors have all been tied in to five-year rolling contracts.

Arthur Price (left), chief executive of MTM, and James Gatward, chief executive of TVS – a working relationship that goes back six years and a common view about the future of television

But what started out as talks about the possibility of TVS, holder of the ITV franchise for the south and south-east of England, merely taking a stake in MTM, turned into a 100 per cent acquisition. This was, in part, because Mr Price and Mr James Gatward, TVS chief executive, had a working relationship that went back six years and shared a common view about the future of television.

"We at MTM felt that the European (television) market was going to explode. Certainly within a decade and probably within five years it's going to begin to become a major market. The TVS opportunity offers a facility to get into a market that is burgeoning easier and faster. We offered James Gatward the same opportunity in the American market," says Mr Price almost as if it had been him who was doing the taking over.

The MTM chief said that, although TVS was the only British company he had talks with, there had been approaches from major American media corporations which would probably have paid more than TVS.

"They were so big we would have been swallowed and would have disappeared. I'm not in the disappearing business," he says.

For Mr Gatward, the gains, for $320m and a deferred consideration of up to $15.7m, will be a library of more than 1,000 hours of TV programmes – estimated to be worth $310m, although it comes complete with $120m of debt from programmes made and not yet exploited – 50 per cent of the 40-acre studio lots where Max Sennett made his silent films, and the Ardmore Studios in Ireland.

In addition, there are the intangible "assets" of MTM's expertise in getting series screened on the US networks and the hope that the writers who created the series, some of which are now nearing the end of their working lives, will be able to keep coming up with hits.

"I tend to do the things I would watch. That may not be the best thing from the point of view of commerce, but they are a little upscale and they usually say something," says Mr Price.

Both Mr Price and Mr Getward believe the TV world is moving in the direction of such programming with advertisers increasingly targeting more affluent viewers.

The cash element of the deal is being financed by 47.8m convertible preference shares, the issue of £58.4m in ordinary shares and subordinated loan stock being taken by Canal Plus, the French subscription television channel, and Générale d'Images, a diversified French communications company, and £38m in loans.

Mr Gatward also announced yesterday that TVS had spent £8.3m for a 3.5 per cent strategic stake in Northern Star Holdings, the Australian company which owns Network 10, an Australian TV channel. In an example of the increasing international nature of television production, work has already begun in Australia on a mini-series being jointly produced and financed by the two companies.

"We are not prepared to put our head in a bucket of sand while the Government decides our future, until it kicks the other end of our body," says Mr Gatward.

Although TVS places great emphasis on retaining its ITV franchise in 1992, the MTM deal announced yesterday could eventually create an international television production company able to stand on its own if the worst happened. It could produce programmes financed in the US, France and Australia, as well as the UK. If one excludes the non-television interests of Granada, TVS will soon be the largest ITV company.

Higher advertising helps TVS to 15% midway growth

Television South yesterday announced a 15 per cent increase in interim profits, details of the acquisition of US independent production company MTM, and a change of name to TVS Entertainment, writes Fiona Thompson.

Increasing advertising revenue was primarily responsible for the IBA contractor for south and south east England boosting its pre-tax profit from £10.9m to £12.5m for the six months ended April 30, 1988. Earnings per share advanced by 9.6 per cent to 19.5p (17.8p) and the interim dividend is stepped up to 4p (3.5p).

Net advertising revenue increased by 14.5 per cent to £78.1m (£68.2m), compared with an average rise of 12.2 per cent for the whole ITV network. UK programme sales rose to £6.2m from £4.7m, and oversales sales totalled £3.7m (£3.3m).

Announcing the details of the MTM acquisition, Mr James Gatward, chief executive, said it would create a unique company in the television industry with production facilities in the UK, the US and Ireland, and would make TVS larger than any other ITV company, if the non-television interests of Granada were excluded.

MTM is to be purchased for $320m (£190.5m) plus a deferred consideration of up to $15.7m. The deal is a mixture of cash, convertible loan stock and debt. Two French companies, Canal Plus and Generale d'Images, will be providing £58.4m of the cash consideration.

"Linking the expertise of TVS and MTM to that of the two substantial French shareholders will provide the group with significant benefits in the growing European television market," said Mr Gatward.

MTM's assets include a film library of over 1,000 hours of programmes valued at approximately $310m, a 40 acre production site with 17 studios in Los Angeles and a controlling interest in the Ardmore studios in Ireland with four studios.

TVS shares were suspended at 330p on June 30. Dealings are expected to resume on August 4.

● comment

City feeling appears generally positive about the MTM acquisition. TVS is a young regional company, covers the wealthiest area of the country and is fast biting on LWT's heels to move up from fourth to third in the advertising revenue league. But it does not have the sort of large programme library of its competitors, and without which it would be especially vulnerable to competition from cable and satellite in the 1990s. Also, MTM will bring its stable of 22 proven writers and provide an avenue into US domestic syndication. That said, it is not without risk. MTM's profits have been flat recently and it has reached the end of a number of successful series - though it says new ones are on the cards. Assumptions of pre-tax profits for the full year of £27m produces a prospective p/e of about 9.

Hogg tops £11m but fails to excite City

By Vanessa Houlder

Hogg Robinson, the travel, transport, financial and property services company which separated from its insurance broking interests last summer, yesterday announced a 36 per cent increase in profits for the year to March 31.

Pre-tax profits increased from £8.09m to £11.04m, on turnover up 37 per cent to £86.8m. The result was at the lower end of expectations, although the share price was unchanged at 227p.

Mr Brian Perry, chairman, said that he was delighted with the group's performance and that prospects for the current year looked attractive.

The travel division increased profits by 29 per cent to £6.7m (£5.2m). This was achieved despite the disruption in the retail market caused by discounting, Mr Perry said.

Transport profits dropped back from £2.67m to £2.33m, following problems caused by cross channel ferry strikes and losses of £500,000 from the trailer freight company's Danish operating division, which has now been closed.

The result of the new property services division, which posted profits of £819,000 after losses of £281,000 last year was a little disappointing, said Mr Perry. Turnover was affected by the stock market crash. In addition, the installation of the central management and control systems to integrate the 14 firms acquired had proved a greater than expected task, he said. However, the structure was now in place to accommodate double the size of the network, which currently stands at 103 branches.

The financial services division increased profits by 40 per cent to £2.1m (£1.5m), helped by strong performances in the pensions and healthcare businesses.

There was an extraordinary charge of £1.2m for the costs associated with the demerger, the defence of the TSB bid and the closure of the transport operation in Denmark.

At the year-end, the group had £32.8m of net funds.

Earnings per share increased by 5 per cent to 12p (11.4p), reflecting the 40 per cent increase in ordinary shares in August 1987. A final dividend of 2.7p per share has been recommended, making a total of 4.5p per share for the year.

● comment

Thanks to one-off problems in the transport division and teething difficulties in the estate agency businesses, this batch of figures mildly disappointed analysts. Yet, with profits of about £16m pencilled in for the coming year, the City still believes that the company is worth a lofty multiple of 15. Given the weakness of the bid speculation (which now mainly concerns British Airways' 10 per cent stake) this enthusiasm rests chiefly on the perception that the cash-rich Hogg is expanding in fast-growing markets – in particular property and financial services – that it well understands. Leaving aside the risks of a downturn in the property market, the main worry stems from the chronic over-capacity in the package holiday business. However, Hogg Robinson, as a specialist in late booked holidays, is better placed to ride out this storm than most.

BSG acquisition

BSG International is buying PSV Wypers for £1m to be satisfied by the issue of new BSG shares. On completion, yesterday 75 per cent of the consideration was allotted.

BAe in move to strengthen grip on gun manufacture

BY DAVID WHITE, DEFENCE CORRESPONDENT

British Aerospace subsidiary Royal Ordnance is believed to be poised to take over Sterling Armament, a Dagenham-based manufacturer of sub-machine guns and rifles.

Neither Royal Ordnance nor Sterling was prepared to comment yesterday. However, the plan was confirmed by an unsuccessful rival bidder, Mr Edward Loyd, a US arms broker.

Mr Loyd said he had tried to oppose the takeover by Royal Ordnance through the Monopolies and Mergers Commission, since the move would give the BAe unit overwhelming dominance of that segment of the UK defence industry. The Commission said however it had no knowledge of the matter, emphasising that it could only consider cases of this kind referred to it by the Department of Trade and Industry. The DTI also disclaimed any knowledge.

Sterling Armament is a privately-owned company with a work force of about 100, which has been suffering from a depression in sales. Mr Patrick Giles, managing director, emphasised that the company enjoyed "an international reputation despite our size". Almost all its production went abroad, but customers had been lost because of "freebie" supplies from the Soviet Union or the US, he said. He declined to give a sales figure.

The company had high hopes for its new assault rifle, the SAR 87, Mr Giles said, which it expected to be produced under licence abroad. The rifle's predecessor, the SAR 80, has been successfully manufactured by Chartered Industries of Singapore.

Royal Ordnance could be expected to take a similar approach with Sterling as with its Enfield operations, formerly the Royal Small Arms Factory. The Enfield, Middlesex, factory is due to be closed later this year and its activities moved to Nottingham as part of a joint guns and vehicles division.

Mr Loyd said he had planned to combine Sterling Armament with the military pyrotechnics branch of Brock's, the fireworks company absorbed last year by its rival Standard, and build a new plant in Scotland and another small plant in Connecticut, aiming at the US market. By contrast, he said, Royal Ordnance was only interested in Sterling's market share and name and would in essence shut it down.

He said he had thought that his offer, made through a UK company called Changetree and valuing Sterling Armament at £3m including stocks and goodwill, had been accepted in April. This version was contested by Mr Giles, however, who said Mr Loyd had "irritated the [two] shareholders beyond measure".

"Mr Loyd is one of about a dozen sets of people interested in acquiring the company", he said. "He does not have the resources needed to implement any offer".

Mr Loyd, who also works through another UK company, Vinceport, described Changetree as a UK-based holding unit owned by EBL Holdings of Delaware, in which he held a 75 per cent stake. He had no manufacturing interests but had dealt in small arms.

Trivial Pursuit leads to USM for Serif Cowells

BY CLARE PEARSON

San Serif, the three-year old company responsible for bringing board game Trivial Pursuit to Europe, is being rewarded with a USM quotation following a takeover by the much smaller Cowells, specialist printer.

The new £39m company, Serif Cowells, is described as a "broadly-based leisure, printing and publishing group" although the bulk of its business is the manufacture and marketing of Trivial Pursuit, for which the company has the manufacture and distribution rights until June 1990.

Cowells is issuing 16.1m new shares to the vendors, Mr John Pryke, Mr Victor Pryke and Mr Ray Deeks, who will own between them nearly 60 per cent of the enlarged group.

Mr John Pryke, chairman, who is in his mid-thirties, will receive shares worth nearly £20m.

Of these 16.1m shares, 1.5m will be offered to Cowell shareholders at a price of 160p, which compares with 115p, the level at which Cowells' shares were suspended a month ago.

The offer is on the basis of one offer share for every 2.94 ordinary shares held. In addition, another 1m new share are being issued to raise £1.6m for the company.

There is no profits forecast, as both companies have a strong bias towards the second half. But the company said current trading of the enlarged group was "highly satisfactory".

In the 18 months to end-December, San Serif made pre-tax profits of £6.51m on sales of £91.1m. In the 12 month period to end-December, Cowells made £1.02m on £9.7m of sales.

Serif Cowells plans to concentrate on developing non-UK markets for the game Trivial Pursuit and associated branded products.

Also, it is currently launching in Europe and elsewhere the board game Pictionary, said to have been the best-selling game in the US last year. In the UK it is launching UBI, a further offering from the creators of Trivial Pursuit, as well as other new games.

Other than the USM quote for Serif, the main benefit of the merger will be the integration of the existing printing activities of both groups, so that some services currently contracted-out will be retained within the enlarged group.

Cowells operates in colour printing and books and security and financial printing. It is also exclusive supplier of bingo tickets to Mecca Leisure.

Serif has used cash generated by Trivial Pursuit to buy a design, typesetting and print origination company, a graphics reproduction house and a commercial printer. It also owns the Kemps Group, which publishes trade directories.

Abdullah moves into Rotork

By Clay Harris

MR AHMED ABDULLAH, the man whose share purchases put Henderson Group, garage doors company, into play, has turned his attention to Rotork, Bath-based valve control manufacturer.

Rotork said it had uncovered a 3.5 per cent stake held by Oceanside Investments. The new shareholder is believed to represent Saudi interests whose investment decisions are directed by Mr Abdullah, brother of the top duo at Evered Holdings, diversified industrial group.

Rotork shares added 6p to 204p yesterday, continuing a run which has taken the price from 144p at the beginning of June.

The build up of the share stake recalls the purchase of a 17.4 per cent holding in Henderson last year by Carousel Investments, another Saudi vehicle directed by Mr Abdullah.

This stake was eventually sold to Evered, which in turn sold it to Newman Tonks. Newman eventually was beaten out of the bid battle for Henderson by Hepworth Ceramic.

Mr David Smith, Rotork finance director, said the company was monitoring share transactions daily.

Tony Bramall lifts stake in Lyon & Lyon to 20%

BY CLAY HARRIS

MR TONY BRAMALL, who resigned last month as an executive director of Avis Europe, has raised his stake in Lyon & Lyon, Yorkshire motor dealer, to nearly 20 per cent.

He paid £900,000 for the 11.25 per cent holding owned since January by Allied Partnership Group, plant hire company.

The move will increase speculation about Avis' intentions towards its own motor dealerships, acquired last October as part of C.D. Bramall, Mr Bramall's Sheffield-based group.

Avis bought Bramall primarily to gain access to its leasing and contract hire operations. It is close to a decision on whether to keep the dealerships.

Mr Alun Cathcart, Avis chairman and chief executive, has made it clear that his company was likely either to acquire more dealerships or dispose of its existing franchises.

Lyon, with a market capitalisation of only £8.5m even after heavy speculation since the beginning of the year, could provide Mr Bramall with a listed vehicle if Avis, for example, decided to sell the dealerships to him.

APG made a profit of £352,000, or more than 60 per cent, on its six-month investment. Lyon shares were unchanged yesterday at 265p, compared with the 250p price received by APG.

Kenmare reports increased loss

Kenmare Resources reported pre-tax losses of I£183,353 (£158,077) for the year to April 30. The deficit compared with a loss of £88,316 in the previous year.

Operating costs increased to £364,639 against £88,316 last time, but income from interest contributed £144,722 (nil). The loss per share increased to 0.58p (0.23p).

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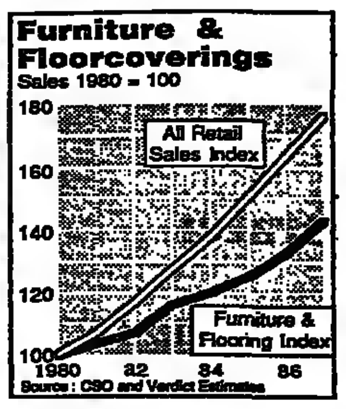
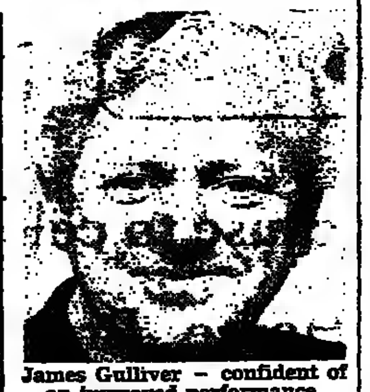
Maggie Urry on the consortium offer for Harris Queensway

Exploitation based on domination


Sir Phil Harris – buying back Harveys subsidiary.




James Gulliver – confident of an improved performance.

"RETAIL BUSINESSES can be turned round very quickly," says Mr James Gulliver, head of the consortium bidding £446.8m for Harris Queensway.

He is clearly confident that he and Mr Eddie Dayan, who will become managing director of Harris Queensway assuming the deal goes through, will rapidly improve the somewhat dismal trading performance of the carpets and furniture group.

Mr Gulliver and his team will need to work fast to satisfy the bankers and shareholders. The new group will initially be saddled with heavy debts and interest charges as well as the problem of boosting the low level of profitability.

The first burden should be quickly lightened through sales of the three non-core subsidiaries – Harveys, which Sir Phil Harris, Harris Queensway chairman, is buying back; Hamleys toy shops, and Poundstretcher, a discount chain – and surplus shops. The disposals should raise over £100m by the spring of next year.

The second, despite Mr Gulliver's assertion, will require a longer term effort, after initial cost-cutting exercises. Armed with market share statistics and growth rate figures the duo argue that both furniture and carpet retailing are ripe for exploitation by a multiple group set on domination.

It is an area where multiple retailers have blatantly failed and the market is still fragmented. Spending on furniture is remarkably low in the UK, compared with other European nations.

Yet shoppers are slow to change their habits, especially on items such as furniture which are relatively rare purchases. The fact that others have failed arguably lessens rather than increases Mr Gulliver's chances of success.

Mr Gulliver and Mr Dayan believe that furniture retailers have poorly promoted poor products and offered a poor service. All three will be changed at Harris Queensway, and the stringent management controls which have been lacking will be put in place.

Both Mr Gulliver and Mr Dayan have good retailing track records. Mr Gulliver's started when he was appointed chief executive of Fine Fare, supermarket group, in 1965. Only a week ago he retired as chairman of Argyll, the retail group which trades under the Safeway banner. Mr Dayan joined Mr Gulliver from Dixons, where he had taken charge of the Currys electrical chain following its acquisition, and swiftly boosted sales growth.

Though neither has experience in carpet and furniture retailing, they feel sure that there are many similarities with their former experience – "we can bring to furniture what we have done in electricals and food," says one – and that they can manage the differences.

The sector is already being successfully attacked by the likes of Marks and Spencer and Ikea, the Swedish retailer which has opened its first store in the UK with plans for more.

Mr Dayan explains his strategy for the two parts of the business:

● In carpets Harris Queensway's operation is fundamentally sound, he says. It made an operating profit of £12.8m in the year to end-January. Mr Gulliver reckons it could be making £30m in a couple of years.

The plan is to reduce the number of shops from 440 to 330 and concentrate on two trading names. Carpetland will be an out-of-town, aggressive outfit aiming at the lower end of the market. Harris Carpets will concentrate in high street sites, offering a wider, more up-market range.

The company has a huge warehouse and computer carpet-cutting facility in Swanley, Kent, from which any of the shops can order via a computer link. The carpet can be fitted in the customers home within seven days. However, this operation is running at only one-third capacity. Clearly, any volume increase will have a great effect on margins.

● In furniture Mr Gulliver and Mr Dayan face a much tougher prospect. The division made a profit of only £1.3m last year against £23.3m the year before.

Here they mean to consolidate the group under the Queensway logo, and reduce the number of shops from around 425 to 350 at most. They believe customers are being offered a product which is marketed on price although "by its nature furniture is not a price sensitive product," Mr Gulliver argues.

The new Harris Queensway will work with suppliers on product development and aim to reduce delivery times for customers who traditionally are kept waiting for two or three months, often having paid cash for the goods.

Mr Gulliver is confident in predicting a recovery in earnings per share to nearly 10p in the year to January 1990, which would be the first full year under his management. Thereafter he expects earnings per share to rise at an annual rate of 20-25 per cent.

If he pulls it off, the theoretical 100p value put on each share in Lowndes, the new company which is making the offer, might look low. But the risks involved are higher than Mr Gulliver's confidence suggests.

Bid for Irish Distillers referred

By Lisa Wood

THE I£200m (£172m) bid for Irish Distillers by Allied Lyons and Grand Metropolitan, the British drinks companies, has been referred by the Irish Minister for Industry to the Fair Trade Commission for investigation.

The Fair Trade Commission has been asked by the Minister to report back to him by August 5, a date which is well within the time prescribed by the Takeover Panel for the final closing date of the offer.

GC & C Brands, the joint vehicle set up in the Irish Republic by the two drinks companies to make the hostile bid, is offering 315p in cash per share, an offer which has been described by Irish Distillers as derisory.

GC & C Brands said it welcomed the decision by the Minister to seek a firm resolution of the matter and it looked forward to a favourable decision.

The Fair Trade Commission has several criteria upon which to judge the bid. These include the extent to which the takeover might restrict competition as well as the likely effect on employment in Ireland.

Allied-Lyons replies to alcohol abuse publicity

Recent unfavourable publicity about alcoholic drinks should be kept in perspective, Sir Derrick Holden-Brown, Allied-Lyons chairman, told shareholders at the group's annual meeting.

Allied-Lyons was dedicated to the promotion of sensible drinking and supported measures to combat abuse, he said.

"The problems created by the minority who abuse alcohol require intelligent and persistent attention," he said.

"They do not require simple-minded solutions – such as raising the already high level of duty on alcohol – which are ineffective and serve only to penalise the minority."

So far in the current year, Allied-Lyons was encouraged by sales volume and market shares of its beer division, and the food division had also started well, Sir Derrick said.

Acquisitions help Birmingham Mint to 80% profits increase

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

Birmingham Mint, coin and medal manufacturer, increased pre-tax profits by 80 per cent from £2.23m to £4.02m in the year to April 2, mainly as a result of a series of acquisitions which have taken it into electronics and engineering.

Turnover grew by 25 per cent to £38.35m (£30.78m), reflecting the growing proportion of higher margin businesses within the group. But last October's rights issue held back growth to 17 per cent at the earnings level, producing 21.1p per share against 18.8p last time.

A final dividend of 4.75p (4.25p) is recommended, making a total for the year of 7.5p (6.75p).

Over the last 18 months Birmingham Mint has bought S J & E Fellows, a stainless pressings maker; Johnson Matthey's electrical contacts business; Nevin, a manufacturer of printed circuit boards and monitors; Green Duck, a Tennessee coin and token maker; and, in the last week, Taurus Engineering, a small company supplying fine-limit metalwork for the electronics industry.

Mr Colin Perry, chairman, said the existing operations had had a fairly flat year. The mint had been without the exceptional levels of activity provided by the previous years' Indian rupee contracts, and the pressing activities had suffered start-up costs on contracts for Japanese manufacturers of microwave ovens.

Much of the rupee business had now been replaced, and site rationalisations in the minting and electrical components should combine with sales growth across the group's activities to provide a satisfactory year, he said.

● **comment**

Birmingham Mint's 17 per cent earnings growth, if not spectacular, at least appears to reflect favourably on the wisdom of the group's acquisition strategy. The current year, however, could suggest a different interpretation: with the bottom line showing the effects of a full year's dilution from last October's rights issue, analysts' best estimates of a £5m out-turn will leave earnings growth at little more than 8 per cent. The group's more widely diversified base has left it less vulnerable to swings in Third World demand for coinage, but the industrial logic in the new grouping is sometimes elusive and the jury is still out on whether it has provided an alternative basis for solid growth. The market, meanwhile, has made up its own mind, or else is indifferent over the verdict: at yesterday's 187p, the shares are on a prospective p/e of 8.

Securiguard growth accelerates

GROWTH HAS accelerated at Securiguard Group, cleaning and maintenance, communications, and security combine. For the 28 weeks ended May 8 1988 pre-tax profits more than doubled to £1.47m.

Mr Alan Baldwin, chairman, said all UK divisions strengthened their positions with security performing particularly well. In the US, City Security Guards achieved its sterling profit targets and sales remained buoyant.

Turnover rose 57 per cent to £24.3m and trading profit increased 67 per cent to £1.28m.

Interest receivable added £70,000 (charge £94,000) while there was an exceptional surplus arising from the sale of the head office of £115,000 (nil), which pushed the pre-tax balance up to £1.47m (£674,000).

Earnings worked through at 9.9p (6.3p) and the interim dividend is raised to 2.2p on increased capital (1.7p).

On the future, Mr Baldwin said plans were in hand to expand into major European commercial centres.

The communications division provides a specialist mailing service in Brussels for UK companies, and an extension to that and other related businesses will take place in the not too distant future.

That will be supplemented by appropriate acquisitions to augment the continued expansion of the group as a whole, he added.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Finals– [illegible]

FUTURE DATES

Interims–

Biotechnology Investments	July 1[illegible]
Consolidated Tin Smelters	July [illegible]
Edinburgh Oil and Gas	July [illegible]
Ensign [illegible]	July [illegible]
Hong Kong and Shanghai Hotels	July [illegible]
Klein E [illegible]	July [illegible]
M&G Dual Trust	July [illegible]
Norwood [illegible]	July [illegible]
Temple Bar Inv Trst	July [illegible]
Wilson (Connolly)	July [illegible]

Finals–

Aberdeen [illegible]	July [illegible]
[illegible]	July [illegible]
Chelsea Man	July [illegible]
Parkfield	July [illegible]
Quest	July [illegible]
[illegible]	July [illegible]
[illegible]	July [illegible]
Wentworth Ind	July [illegible]
Whitney [illegible]	July [illegible]

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Baker Harris	fin	4	Oct 3	-	6.25†	2†
B'ham Mint	fin	4.75	Oct 3	4.25	7.5	6.75
Bogg Robinson	fin	2.7	Aug 25	-	4.5	-
Hollas	fin	1.5†	-	1.3	2.9	2.5
Rowe Evans	fin	1.8†	Aug 18	1.2	1.5	1.2
Securiguard	int	2.2†	Aug 30	1.7	-	5
S'thern Business	int	2.21§†	Aug 18	1.7	-	4.6
Stewart & Wight	fin	47.5	-	37.5	47.5	37.5
Television South	int	4	-	3.5	-	12.5
Tipbook	fin	3.73	-	2.87	5.38†	4.3
Toothill (RW)	fin	5.39	-	5.25	8.99	8.75

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ‡Third market. ‡‡For six months.

COMPANY NEWS IN BRIEF

BALTICA, a Danish financial services and security group, is joining the stock market via an introduction.

BEAUFORD GROUP is to acquire 51 per cent of E.W. Bliss (England) for an initial £840,000 in loan notes and cash and enter an option agreement over the remaining 49 per cent. Bliss has interests in the manufacture of metal-forming machines, jigs and fixtures as well as in the design and manufacture of machines for use in the automotive industry. Management accounts for the eleven months to end-May show pre-tax profits at £323,000.

BRITISH & COMMONWEALTH Holdings: Sale of Bricom to Stuntbrand, new company formed as management buy out vehicle, for £343m cash was completed on July 1.

BRITISH GAS now owns or has received acceptances for 137.74m Acre Oil shares (82 per cent) and has declared its offer unconditional in all respects. It will remain open until further notice. The share alternative of 14 new British Gas shares for every 11 Acre shares will close at 3pm on July 19.

CARLESS CAPEL and Leonard is acquiring Percy and Halden, maker and distributor of lubricating oils. Consideration is £866,500 satisfied by the issue of 257,898 shares and £49,000 cash.

GC FLOORING & Furnishings has acquired the assets, order book and work in progress, but not the liabilities, of Semtex (formerly Dunlop Semtex), from the receivers. In 1987 Semtex had a turnover of about £7m.

GREAT UNIVERSAL Stores subsidiary, CCN Systems, has acquired IS Nederland, a Dutch credit reporting company.

KALAMAZOO has agreed the sale of its 60 per cent stake in K3 Software Services to Granton for £400,000 cash. Proceeds of sale to be used to provide extra working capital. Kalamazoo also announced marketing agreement with Apricot Computers worth some £6m over two years. Group to become Apricot's preferred systems house and possible joint ventures between both groups to be investigated.

PLANTATION Trust: Undiluted net asset value 99.6p (109.7p) as at end-March. Net revenue £13,569 (£36,444) and earnings per share 0.14p (0.5p) for year to March 31 1988. Dividend maintained at 0.25p.

SHARP & LAW (USM-quoted shopfitter) is to acquire Widd Holdings, privately-owned sign manufacturing group, for initial £125,000 in shares and additional deferred profit-related consideration up to £120,000.

SIMS CATERING Butchers has acquired Bedford-based Ali Stovel Transport. Stovel provides refrigerated transport services to companies in the Sims Group. Initial consideration is £375,000, to be satisfied by the issue to the vendor of 90,640 new ordinary, of which 66,425 will be retained and the balance provisionally placed. Further consideration, up to £125,000, in shares, is profit-related.

WACE GROUP has acquired Shellard Hopkins Advertising for £448,000, satisfied by £205,700 in cash and the balance by the issue of 52,420 new ordinary. Shellard, a Bournemouth-based marketing services company, had a turnover of £2.13m and pre-tax profits of £94,230 in 1987. Net assets amounted to £191,350.

YEARLINGS: The interest rate for this week's issue of local authority bonds is 10% per cent, up ½ of a percentage point from last week, and compares with 9% per cent a year ago. The bonds are issued at par and are redeemable on July 12 1989. Yearling bonds totalling £0.25m have been issued by the following local authority: West Lancashire District Council £0.25m.

RHM OVERSEAS FINANCE B.V.

U.S. $40,000,000 9 per cent. Guaranteed Bonds 1992

DRAWING OF BONDS

Notice is hereby given that a Drawing of Bonds of the above Issue took place at the Offices of Morgan Grenfell & Co. Limited on 23rd June 1988 attended by Mr. Edwin Bruce Walker of the firm of De Pinna, Scorers & John Venn, Notary Public, when 2,000 Bonds for a total of U.S. $2,000,000 nominal were drawn for redemption at par on 15th August 1988.

The nominal amount of the Loan outstanding after 15th August 1988 will be U.S. $22,000,000.

The following are the numbers of the Bonds drawn:–

95	109	191	194	456	462	497	634	641	643	661	679	681	683	713	722	733	753	786	787	790	833
850	1196	1200	1211	1221	1240	1263	1266	1286	1313	1317	1318	1339	1340	1358	1365	1377	1398	1415	1422	1459	1460
1491	1511	1514	1532	1540	1548	1567	1578	1579	1580	1612	1619	1624	1648	1709	1789	1791	1817	1832	1835	1868	
1870	1874	1882	1905	1926	1933	1965	1971	1981	2012	2023	2043	2053	2065	2067	2094	2102	2148	2174	2176	2191	2196
2203	2211	2213	2216	2221	2229	2239	2246	2253	2272	2276	2281	2302	2306	2307	2343	2344	2355	2356	2361	2367	2390
2391	2404	2406	2412	2434	2441	2442	2451	2454	2486	2502	2521	2522	2524	2545	2556	2558	2562	2569	2571	2574	2579
2580	2584	2588	2690	2699	2716	2730	2768	2793	2795	2800	2815	2821	2868	2878	2879	2885	2896	2905	2908	2923	2924
2929	2998	2999	3001	3011	3036	3039	3083	3085	3104	3110	3120	3264	3293	3301	3308	3313	3315	3317	3327	3329	3338
3372	3382	3390	3396	3419	3427	3432	3454	3459	3473	3491	3499	3501	3510	3527	3538	3543	3555	3560	3564	3585	3592
3597	3607	3616	3618	3625	3658	3680	3724	3732	3735	3739	3816	3843	3852	3868	3882	3888	3891	3902	3932	4047	
4038	4045	4058	4080	4103	4115	4116	4161	4170	4175	4182	4251	4260	4264	4337	4341	4346	4347	4359	4366	4373	4389
4414	4460	4484	4485	4576	4593	4607	4627	4628	4643	4674	4680	4702	4703	4711	4715	4718	4814	4856	4862	4868	4898
4951	4901	4903	4907	4912	4946	4948	4953	4965	5153	5154	5180	5235	5256	5281	5289	5291	5307	5317	5328	5337	
5344	5376	5382	5392	5395	5409	5550	5593	5638	5660	5661	5672	5697	5715	5718	5748	5771	5788	5790	5799	5803	5807
5819	5821	5836	5851	5887	5893	5896	5909	5933	5972	5973	5980	6004	6007	6024	6046	6056	6069	6105	6112	6147	6150
6152	6164	6205	6209	6214	6216	6217	6275	6277	6283	6301	6304	6344	6347	6353	6356	6357	6388	6391	6402	6406	6434
6445	6479	6480	6491	6501	6511	6513	6521	6524	6539	6546	6572	6576	6577	6600	6616	6634	6648	6654	6662	6663	6664
6669	6694	6707	6724	6849	6858	6879	6883	6888	6913	6931	6933	6937	7623	7632	7640	7642	7654	7679	7685	7703	7706
7765	7779	7785	7803	7805	7817	7866	7857	7860	7871	7876	7907	7950	7978	7983	7988	7996	8013	8015	8022	8055	8058
8078	8080	8095	8099	8131	8136	8144	8150	8173	8243	8257	8269	8270	8274	8293	8303	8308	8310	8316	8323	8324	8330
8371	8417	8420	8445	8450	8455	8478	8489	8502	8513	8537	8554	8564	8571	8576	8582	8624	8631	8632	8659	8661	8678
8694	8709	8714	8772	8774	8780	8783	8789	8815	8819	8821	8830	8847	8849	8921	8943	8983	9009	9020	9024	9035	9039
9044	9081	9087	9108	9125	9129	9154	9164	9184	9185	9192	9197	9221	9223	9245	9252	9255	9266	9269	9304	9308	9337
9363	9382	9391	9409	9426	9435	9452	9462	9464	9468	9472	9474	9522	9570	9580	9602	9621	9644	9660	9666	9678	9690
9710	9715	9731	9743	9744	9817	9850	9853	9864	9884	9914	9918	9926	9931	9935	9937	9975	9988	9994	10004	10068	
10101	10111	10151	10152	10153	10190	10196	10197	10216	10223	10247	10257	10275	10506	10515	10519	10521	10543	10571	10579	10587	
10593	10604	10605	10608	10617	10619	10622	10640	10652	10656	10678	10691	10697	10713	10717	10727	10729	10733	10767	10785	10788	10805
10810	10811	10825	10833	11038	11235	11269	11275	11276	11289	11305	11314	11331	11346	11349	11353	11361	11374	11389	11406	11408	11439
11421	11435	11437	11464	11469	11490	11496	11561	12079	12083	12098	12101	12106	12134	12153	12154	12159	12162	12164	12173	12203	
12206	12212	12226	12253	12260	12287	12293	12294	12297	12300	12301	12306	12311	12326	12327	12329	12351	12367	12377	12380	12406	
12418	12423	12467	12477	12478	12486	12492	12511	12514	12517	12529	12533	12559	12562	12565	12570	12578	12603	12611	12643	12653	12660
12691	12695	12698	12700	12710	12714	12739	12740	12749	12769	12789	12791	12800	12807	12821	12830	12851	12891	12893	12898		
12935	12939	12955	12964	12972	12975	12981	12998	13000	13015	13022	13038	13044	13101	13109	13115	13122	13144	13146	13162	13169	13189
13194	13195	13198	13199	13215	13217	13231	13233	13282	13293	13309	13311	13340	13351	13360	13375	13392	13400	13416	13417	13438	13439
13446	13454	13459	13483	13486	13497	13504	13506	13576	13577	13588	13591	13625	13632	13642	13645	13651	13658	13679	13710	13771	13779
13786	13806	13812	13818	13825	13829	13838	13854	13858	13861	13868	13876	13910	13930	13996	13970	13993	13997	14012	14028	14036	14046
14047	14063	14073	14079	14081	14094	14115	14135	14143	14184	14190	14198	14203	14217	14225	14235	14241	14262	14265	14281	14285	
14288	14298	14306	14308	14332	14361	14364	14384	14388	14391	14398	14402	14416	14436	14466	14469	14478	14498	14525	14529	14538	14550
14557	14558	14588	14594	14608	14610	14619	14628	14640	14656	14671	14707	14711	14720	14721	14735	14755	14762	14770	14782	14795	14805
14809	14828	14839	14840	14862	14863	14872	14877	14878	14880	14898	14947	14965	14988	15035	15054	15080	15086	15090	15096	15098	15155
15164	15173	15195	15200	15204	15210	15216	15266	15287	15288	15293	15296	15314	15327	15332	15344	15348	15355	15375	15380	15394	15407
15414	15474	15481	15496	15499	15512	15518	15532	15545	15563	15566	15569	15585	15593	15622	15656	15682	15712	15720	15722		
15742	15743	15758	15772	15781	15794	15814	15836	15865	15866	15878	15879	15924	15927	15933	15942	15946	15999	16004	16009	16025	16027
16067	16082	16091	16129	16143	16147	16151	16166	16169	16170	16182	16192	16193	16196	16226	16266	16281	16289	16323	16332	16368	16374
16381	16388	16403	16418	16424	16436	16450	16454	16476	16484	16491	16534	16548	16555	16558	16594	16598	16604	16607	16636		
16652	16657	16670	16711	16730	16734	16740	16773	16892	16900	16907	16912	16936	16941	16944	16955	17009	17011	17017	17023	17051	17065
17106	17109	17111	17113	17136	17141	17152	17168	17181	17183	17196	17193	17196	17215	17228	17254	17265	17269	17288	17313	17317	17318
17359	17375	17385	17391	17417	17421	17437	17442	17452	17454	17477	17482	17502	17520	17529	17565	17569	17606	17609	17618	17625	17632
17641	17667	17674	17677	17711	17730	17764	17781	17807	17822	17834	17840	17843	17851	17856	17857	17876	17903	17913	17918	17926	17946
18016	18026	18034	18036	18067	18080	18124	18130	18145	18147	18163	18167	18175	18185	18193	18204	18219	18224	18258	18261	18265	18288
18293	18298	18353	18357	18362	18373	18393	18404	18409	18427	18433	18440	18473	18498	18509	18556	18562	18566	18568	18576	18780	
18799	18810	18854	18945	18960	18982	18985	18994	19013	19016	19020	19031	19038	19053	19058	19068	19070	19138	19141	19142	19155	19196
19208	19225	19236	19239	19260	19292	19296	19302	19304	19305	19314	19327	19331	19359	19367	19388	19414	19428	19455	19470	19472	19486
19490	19494	19510	19544	19554	19574	19597	19602	19648	19669	19670	19682	19692	19718	19744	19759	19762	19797	19811	19817	19877	19889
19902	19908	19919	19943	19959	19971	19988	19989	20010	20013	20022	20037	20042	20045	20061	20067	20102	20120	20152	20162	20185	20191
20212	20219	20230	20231	20234	20270	20273	20284	20285	20308	20316	20321	20338	20351	20367	20371	20378	20382	20390	20405	20426	20447
20452	20469	20489	20503	20517	20523	20528	20551	20561	20578	20591	20595	20600	20601	20606	20614	20630	20649	20686	20691	20693	20695
20698	20704	20711	20730	20747	20764	20804	20828	20946	20947	20950	20954	20988	20992	20994	21000	21009	21011				
21032	21035	21045	21063	21072	21091	21106	21118	21121	21145	21151	21156	21161	21172	21177	21195	21197	21204	21212	21221	21229	21255
21259	21284	21297	21302	21303	21306	21333	21387	21388	21393	21398	21402	21408	21409	21416	21421	21430	21460	21461	21490	21497	21507
21519	21522	21527	21530	21536	21567	21571	21575	21581	21586	21600	21611	21617	21642	21648	21656	21665	21714	21721	21726	21734	
21741	21759	21766	21795	21797	21801	21843	21849	21865	21869	21875	21881	21890	21905	21928	21955	21993	22004	22030			
22071	22077	22082	22083	22084	22086	22090	22099	22100	22108	22124	22125	22151	22156	22157	22197	22208	22233	22242	22243	22244	22253
22266	22278	22308	22310	22333	22344	22355	22398	22403	22407	22419	22431	22441	22447	22465	22471	22493	22495	22496	22508		
22629	22646	22652	22654	22662	22666	22693	22945	22955	22969	22973	22976	22979	22987	23002	23039	23052	23053	23060	23064		
23072	23078	23091	23171	23175	23180	23184	23190	23197	23212	23213	23216	23225	23265	23282	23295	23306	23316	23334	23348	23363	
23367	23371	23376	23383	23393	23443	23456	23466	23475	23483	23485	23519	23532	23543	23555	23583	23596	23603	23637	23645		
23659	23663	23670	23676	23680	23691	23715	23717	23740	23751	23758	23790	23841	23855	23856	23864	23873	23878	23892	23898	23918	23919
23935	23938	23979	24008	24019	24084	24087	24105	24106	24113	24140	24147	24157	24158	24159	24162	24176	24180	24200	24202	24209	24234
24251	24260	24276	24282	24286	24302	24309	24313	24332	24335	24340	24365	24366	24377	24378	24396	24408	24414	24470	24471	24493	24504
24533	24545	24555	24556	24558	24599	24597	24617	24620	24623	24645	24650	24651	24659	24681	24713	24746	24787	24796	24803	24816	
24819	24820	24824	24861	24864	24882	24887	24895	24917	24927	24949	24977	24978	24982	25032	25048	25059	25072	25075	25078		
25124	25151	25166	25191	25226	25251	25252	25264	25276	25285	25288	25293	25300	25361	25365	25371	25379	25386	25397	25401	25409	
25428	25447	25456	25473	25506	25509	25516	25531	25540	25545	25551	25555	25622	25638	25644	25646	25653	25658	25659	25676	25683	25690
25700	25710	25729	25760	25777	25798	25838	25858	25860	25861	25864	25873	25908	25910	25935	25942	25971	26079	26080	26097	26106	26113
26121	26127	26143	26152	26161	26179	26186	26196	26209	26242	26258	26270	26309	26320	26327	26342	26345	26346	26387	26388	26395	26398
26406	27526	27540	27542	27551	27579	27589	27607	27609	27621	27627	27645	27659	27678	27729	27736	27743	27753	27755	27758	27762	27767
27831	27854	27868	27872	27879	27900	27968	27973	27976	27977	28004	28005	28049	28060	28087	28114	28123	28145	28176	28173	28192	
28202	28223	28244	28247	28250	28252	28264	28280	28281	28284	28288	28291	28346	28357	28399	28414	28415	28446	28480	28484	28486	
28488	28489	28569	28580	28600	28603	28617	28630	28686	28697	28719	28727	28747	28758	28761	28802	28811	28813	28817	28820	28863	28873
28981	28986	28995	29006	29018	29028	29042	29048	29069	29079	29135	29152	29171	29201	29209	29212	29236	29238	29240	29266	29271	29275
29319	29321	29323	29324	29346	29356	29368	29373	29418	29432	29509	29516	29519	29543	29578	29592	29608	29611	29617	29627	29662	
29683	29697	29701	29717	29748	29754	29775	29780	29804	29806	29823	29864	29871	29882	29889	29906	29920	29946	29971	32012	32031	32038
32046	32055	32064	32082	32089	32119	32146	32151	32164	32202	32207	32212	32216	32236	32245	32250	32251	32260	32285	32295	32310	
32318	32335	32356	32358	32373	32385	32393	32398	32405	32411	32422	32477	32481	32493	32497	32499	32501	32512	32522	32527	32550	32555
32558	32587	32601	32616	32649	32663	32677	32682	32703	32706	32719	32757	32764	32793	32814	32825	32846	32852	32875	32901	32903	32913
32941	32945	32987	32992	32998	33000	37230	37234	37248	37256	37260	37273	37274	37281	37293	37309	37331	37376	37385	37393	37429	37437
37445	37482	37494	37502	37504	37509	38103	38104	38117	38120	38217	38222	38240	38254	38255	38276	38287	38275	38288	38306	38319	
38120	38361	38389	38410	38421	38429	38477	38482	38495	38499	39002	39031	39034	39060	39074	39075	39085	39087	39110	39140	39142	39151
39189	39190	39272	39277	39104	39121	39148	39371	39372	39398	39401	39419	39446	39511	39514	39523	39563	39583	39592	39603	39605	39611
39617	39623	39628	39630	39690	39691	39708	39734	39792	39814	39821	39835	39845	39858	39896	39858	39865	39900	39916	39956	39916	

The above Bonds may be presented for payment of the proceeds of redemption at par on or after 15th August 1988 at the offices of any of the Paying Agents named on the reverse of the coupons, in the manner specified in Condition 7 of the Terms and Conditions of the Loan printed on the reverse of the Bonds.

The following Bond numbers which were drawn for previous redemptions have not yet been presented for payment:–

15th August 1986 Redemption

10211 10215 10228 15501

15th August 1987 Redemption

111 548 10226 15896 15897 15909 15938 20987 20991 26042

All of the above Bonds when presented for redemption must bear the coupon falling due one year after their respective date of redemption and all subsequent coupons, otherwise the amount of the missing coupon(s) will be deducted from the principal to be repaid.

Bonds and coupons of the above Loan will become void unless presented for payment within a period of 12 years and 6 years respectively from their relevant payment date.

Principal Paying Agent: Morgan Grenfell & Co. Limited, 23 Great Winchester Street, London, EC2P 2AX.

7th July, 1988.

Public Works Loan Board rates

Effective July 6

Years	Quota loans repaid: by EP†	At‡	at maturity§	Non-quota loans A* repaid: by EP†	At‡	at maturity§
1	[illegible]	[illegible]	10¾	[illegible]	[illegible]	11¼
Over 1 up to 2	10¾	10¾	10⅞	11¼	11¼	11⅜
Over 2 up to 3	10¾	10¾	10⅞	11¼	11¼	11⅜
Over 3 up to 4	10¾	10¾	10⅝	11¼	11¼	11⅛
Over 4 up to 5	10¾	10¾	10½	11¼	11¼	11
Over 5 up to 6	10¾	10⅝	10⅜	11¼	11⅛	10⅞
Over 6 up to 7	10⅝	10½	10¼	11⅛	11	10¾
Over 7 up to 8	10½	10⅜	10⅛	11	10⅞	10⅝
Over 8 up to 9	10⅜	10¼	10	10⅞	10¾	10½
Over 9 up to 10	10¼	10⅛	9⅞	10¾	10⅝	10⅜
Over 10 up to 15	10	9⅞	9¾	10½	10⅜	10¼
Over 15 up to 25	9⅞	9¾	9¾	10⅜	10¼	10¼
Over 25	9¾	9¾	9¾	10¼	10¼	10¼

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. ‡Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). §With half-yearly payments of interest only.

Tiphook profits surge to £10m

BY RAY BASHFORD

Tiphook, the transport rental group, passed another milestone during the 12 months to April 30 along its path of rapid profit expansion. Building on three years of sharp improvements, pre-tax profit grew from £3.9m to £10m.

The £10m figure was reached after a 72 per cent growth in turnover to £67.7m, reflecting healthy increases in the company's two major operations, container and trailer rental.

Pre-tax profit from container rental was £7m (£3m) on a turnover of £34.9m (£19.3m) while pre-tax profit from trailer rental rose was £3.2m (£1.6m) on a turnover of £26m (£13m).

Earnings per share more than doubled to 33.1p. The final dividend was raised 30 per cent to 3.73p lifting the total for the year to 5.38p - a 25 per cent increase.

Mr Robert Montague, the executive chairman, said the company had performed strongly in the current half year and he forecast that demand would continue to expand during the remainder of the year.

Profit margins for container rentals rose from 19 to 25 per cent and directors expect that this level will at least be maintained for the current 12 months.

Operating utilisation rates remained high, reaching 94 per cent which allowed for what Mr Montague described as a "significant" increase in rental rates. Tiphook's container fleet rose by 67 per cent to 121,000 and an additional 40,000 is planned for the current year.

Tiphook moved into second place in the European trailer rental business as the number of trailers in its fleet rose from 4,500 to 8,000.

The recently formed rail wagon rental business suffered a loss of £469,000 (£148,000), but directors remain confident of the potential for improvement.

● comment

Tiphook is continuing to benefit from the timely expansion of its container fleet. The fleet has risen from 14,000 to 122,000 in four years, providing it with modern, high quality "boxes". Leaders in the industry are replacing first generation units which have caused the number of containers available for rent on the world market to decline. Tiphook has been able to profit strongly from the growth in demand that this fall in stocks has created. The group's container business has reached a stage of relative maturity and analysts are expecting the trailer rental operation to make an accelerated contribution during the current year while the wagon rental subsidiary gets on the tracks and awaits completion of the Channel Tunnel. There is a strong belief in the City that the company can achieve a 16 per cent improvement in pre-tax profit in the current 12 months to £13m. This would imply a prospective p/e of 10.2- cheap in light of historic earnings growth.

Robert Montague: a strong performance in current half

Cityvision sees six-fold profit jump

By Vanessa Houlder

Cityvision, the USM-quoted video film hire group, yesterday announced a six-fold increase in pre-tax profits to £1.55m, from £241,000, for the six months to May 31.

Turnover, which is split about evenly between video hire shops and a video hire service for stores, advanced from £1.88m to £6.46m.

The Ritz Video Film Hire business which has been built into a nationwide chain of 100 stores, produced a "spectacular" performance, said Mr Terry Norris, managing director. The company aims to add another 30 by the year end.

The Videoserve business, which provides customised video film clubs to retailing chains and the armed forces, increased turnover by 34 per cent, with improved margins.

The video film rental market is estimated at £450m and is growing at 15 per cent a year, said Mr Norris. "We have a reasonably small share of a highly fragmented market. It is a marvellous opportunity for growth."

Cityvision said it was confident that its prosperity would continue into the traditionally stronger second half of tha year.

Earnings per share increased from 0.56p to 2.52p.

Toothill blames new safety regulations for 23% setback

BY CLAY HARRIS

R.W. Toothill, furniture manufacturer, yesterday blamed the Government's new safety regulations for upholstery foams and fibres for a 23 per cent decline in pre-tax profits to £253,264 in the year to March 31.

Mr Ernest Hall, chairman, said the Co Durham-based group had been expecting a final-quarter profit sufficient to lift the full-year total to a level not significantly different from the £329,219 achieved in 1986-87.

"These expectations were completely undermined by the effects of the draft regulations on upholstery flammability which were hurriedly and unexpectedly announced by the Department of Trade and Industry in January 1988," Mr Hall said.

He attributed the announcement to "media and political pressures which had been building up for some time." The Government's move followed at least 25 deaths in fires involving polyurethane foam around Christmas 1987.

"The safety objectives are of course laudable," Mr Hall said, "but the confusion resulting from the somewhat inexplicit draft regulations was a major hindrance to the introduction of new upholstery ranges and also to seasonal promotional activities."

Although all of Toothill's ranges were now offered with approved combustion modified foams, the company said the current year was likely to be far from easy. Mr Michael Hall, managing director, declined yesterday to discuss the longer term effect on margins.

The Government said last week that manufacturers could not ship unapproved products to retailers after November 1 and confirmed the March 1 1989 deadline for sales to consumers.

Toothill's invoiced sales fell to £4.95m (£5.17m) last year, and earnings per share declined to 22.81p (31.08p). A proposed final dividend of 5.39p (5.25p) will raise the total to 8.99p (8.75p).

Southern Business grows 77%

BY DAVID COHEN

Southern Business Group, photocopier and vending machine contractor, reported pre-tax profits advanced 77 per cent from £1.61m to £2.6m for the six months ended March 31.

The results were slightly ahead of analysts' expectations, and the shares rose 9p to 349p.

Turnover was up 54 per cent to £8.15m, mainly on the back of increased photocopying requirements of existing clients. Growth looks set to continue with forward contracts up £40.5m to £106m. The client base has been expanded slightly but Southern still holds less than 5 per cent of the market in the south-east.

With earnings per share ahead 35 per cent to 12.93p, the interim dividend is increased 30 per cent to 2.21p. The tax charge of £290,000 reflected an effective rate of 11 per cent, 1 per cent up on the previous period.

Mr David McErlain, managing director, said that while he was highly satisfied with trading performance, streamlining of the 1987 acquisitions had taken longer than anticipated. "But we're all set for an ambitious acquisition programme in 1989," he said.

Over the years Southern has established a unique niche in the photocopying market. It supplies Canon machines on the Xerox-pioneered principle of securing contracts on a cost per copy basis, rather than a straight sale or service agreement.

USM placing gives £24m tag to City Gate Estates

BY FIONA THOMPSON

City Gate Estates, property developer, is to join the Unlisted Securities Market in a placing which values it at £23.7m.

The company was founded in 1985 by Mr Andrew de Candole, managing director, and Mr Frank Kearton-Gee, development director. Mr James Gulliver is to be non-executive chairman, putting in one day a month in the business.

In 1985 the company raised £2.9m new capital through a BES issue sponsored by Johnson Fry, valuing the business at £3.1m. Initially engaged in reconstructing and converting residential properties in central London, the company decided in 1986 to extend into commercial developments, and some 85 per cent of present projects are commercial.

The ten developments City Gate is currently involved in have a total sales value on completion of around £100m. These include seven owner-occupied office schemes in London totalling 550,000 sq ft, two luxury central London residential schemes of 66 units which sold for an average of £250,000, and one sheltered housing scheme of 38 units in Sidcup.

Hill Samuel is placing 420,726 ordinary shares and 1.25m 3.75 per cent cumulative convertible preference shares, representing 21.1 per cent of the enlarged equity, at 300p, and raising £4.55m for the company. The preference shares are first being made available to existing shareholders who will be able to participate without jeopardising their existing BES relief.

The money raised will be used to carry through the existing development programme and to acquire further sites, said Mr de Candole. The concentration in the future will be on office developments in the west end of London and owner-occupied office schemes throughout London.

City Gate has seen pre-tax profits grow from £162,000 in the year to March 31, 1986, to £2.04m to March 1988, putting the shares on an historic p/e of 11.11.

Rowe Evans boosted by rise in interest income

Rowe Evans Investments, a holding company with interests in rubber and palm oil, raised its 1987 profit from an adjusted £1.64m to £1.92m pre-tax. Turnover totalled £2.41m compared with £1.96m.

Profits were boosted by a £151,000 increase in interest income to £246,000. Tax took £906,000 (£694,000) leaving earnings at 2.37p (1.94p) per 10p share. The dividend goes up from 1.2p to 1.5p on the enlarged capital.

The directors said that rubber and palm oil prices had increased considerably to date in the current year.

Hollas rises to £2.5m

Hollas Group, fabric and garment dealer, raised its turnover by 15 per cent to £34.51m for the year to end-March 1988 and for the period saw its profits rise from £1.86m to £2.47m at the pre-tax level.

Earnings worked through to 5.8p per 5p share and a final dividend of 1.5p raises the total by 0.4p to 2.5p.

The directors said order books were strong and prospects were bright. They added that Hollas was continuing its acquisition policy allied to natural growth.

Stewart & Wight up 22%

Stewart & Wight, retail baker and property investor, saw a 22 per cent rise in pre-tax profits to £112,823 for the year to March 31. This compares with the previous year's £92,519 to March 28.

Trading turnover experienced a sharp downturn to £25,940 (£136,272) because the company ceased retail trading in September 1987. There was an extraordinary credit in respect of the sale of two properties of £181,129 (£13,643).

Earnings per £1 share worked through 33 per cent ahead at 92.35p (69.4p) and the proposed single final dividend is raised from last year's 37.5p to 47.5p.

Baker Harris ahead at £3.2m

Baker Harris Saunders Group, commercial surveyor and estate agency, yesterday revealed a 70 per cent expansion in taxable profits to £3.24m for the year to April 30.

Mr Richard Saunders, chairman, attributed the improved performance to a continuing flow of new business, increased professional work, higher central London rentals and a "significant" contribution from Bailey Posner Hood, the group's West End offshoot.

Turnover was 51 per cent higher at £6.12m (£4.07m). Earnings per 10p share rose to 20.3p (13.8p) and a final dividend of 4p makes a total of 6.25p for the year. In the previous year the group paid a dividend of 2p for the six-month period since flotation in October 1986.

Nestlé offer unconditional

Nestlé, the Swiss food group, has declared its £2.55bn offer for Rowntree, the British confectionery group, unconditional. By Tuesday, the company had either owned (with valid cover), or had received acceptances in respect of, 123.9m Rowntree shares (53.4 per cent).

Kunick expansion

Kunick has acquired the operating assets — amusement machines in public houses throughout central and eastern London and in Essex — of Peter Stimper (Eastern) for £1.15m.

Kunick has also acquired a nursing home in west Yorkshire and a site in Leeds for a total £1m.

Business Development Managers

Two Acquisition Roles For A Service Industry Leader

A very profitable British plc, the company has a strong international presence in industrial services and is committed to extensive development in chosen markets. Expansion of the group's interests in building services and security has created two new positions.

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c £28,000, Car

Reporting to the Business Development Director, the position covers acquisitions in both building services and security. The role includes identifying and evaluating acquisition prospects, handling the resulting negotiations, and participating in the integration and subsequent management of acquired companies. *Ref. W11059/FT.*

W. Europe (Flexible Location)

Excellent Negotiable Salary

Reporting to a UK-based Director, the position is focused on the security industry, both electronic systems and manned guarding, and will encompass joint venture agreements as well as acquisitions. The territory covered is France, Spain, Belgium, Holland and Germany. There is considerable flexibility on the base within these countries. Salary will reflect the importance of the position and local conditions. *Ref. W11060/FT.*

Applicants will be business graduates or MBA's aged 25-35, already working in a strategic planning or business development role. Whilst a background in industrial services would be an advantage, the key requirement is the ability to make sound judgements on the quality of target companies. Therefore excellent financial analysis skills and good all-round business awareness are essential.

For the European position fluent English and French are prerequisites.

The successful candidates will be given ample responsibility and freedom to exercise initiative, there is no shortage of available resources. Prospects for a move into general management are superb.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *S.P. Spindler, Hoggett Bowers plc, George V Place, 4 Thames Avenue, WINDSOR, SL4 1QP, 0753-850851, quoting the appropriate reference.*

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Please send full career and personal details including salary history to:

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European Finance Controller

Bedfordshire c.£35,000 + car + benefits

Our client, a recognised brand leader, is the UK *subsidiary* of an American parent company with European locations, whose development now necessitates the appointment of a European Finance Controller to positively contribute to the future growth of this group. This is the senior financiel appointment for the group in the UK end Europe.

The successful candidate will be a key member of the senior management team end will report to the Menaging Director. You will be responsible for all aspects of financiel and management systems, control and reporting and must demonstrate strong commercial awareness.

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The remuneration package offers a substantial performance related salary, a company car and benefits which include concessionary mortgage and relocation expenses, where appropriate. For further details please telephone or send e CV in confidence to **Keith Norman**, FCCA, quoting ref. KJN/286

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The Company specialises in property services, particularly the supply of quality office furniture systems, design services, computerised facility mangement systems and contracting. The location is near the City in a riverside setting and the environment is extremely demanding, highly stimulating and, of course exceptionally rewarding.

We are looking for a graduate qualified accountant, ACA or ACCA with at least 2 years post qualification experience. You should be 28 to 34, a creative and sound accountant with commercial flair, presence, good communication skills, drive and ambition. The ideal candidate will also have had commercial experience and exposure to financial areas other than pure accounting.

Applications with full curriculum vitae should be sent to the consultant handling the recruitment:

John Dodds BA (Hons) FCCA,
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Written applications, enclosing an up-to-date CV, should be submitted to Michelle A Drew – Personnel Department, Box 273, Schroder House, The Grange, St Peter Port, Guernsey, Channel Islands.

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MANAGEMENT INFORMATION CONTROLLER

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Our Client is one of the world's leading 'blue chip' companies with a commercial operation that is second to none. Recent internal developments have prompted the creation of a new position as Management Information Controller to join the senior management team of a major divisional head office based near Manchester.

The position will be responsible for the development of international management information systems, preparation and monitoring of budgets and forecasts, and the consolidation and reporting of divisional results to local and group management.

The company is seeking a high flying graduate accountant, ideally in the age range 27 to 35, who has at least two years experience in a 'blue chip' company. A talent for meticulous detailed analysis will be essential but, in this role, will need to be combined with the ability to take a broader 'general management' view of the business: a business degree or MBA would therefore be useful. Since there is substantial contact with European subsidiaries, a good working knowledge of French or German would also be desirable.

This is an outstanding opportunity to join one of the world's foremost companies at a senior level and in a high profile role with daily contact at Director level. It is intended that successful performance in this position will lead to an early promotion to a senior UK or international role. As such, the challenge and the rewards of the post could hardly be bettered.

If you feel that your career is ready for this opportunity, please write to ALAN COPPOCK FCMA, quoting ref. 88/3005FT, at Daniels Bates Partnership, Joseph's Well, Hanover Walk, Park Lane, Leeds LS3 1AB, or telephone him on (0532) 461671.

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Leading multinational hi-tech company seeks Managing Director for its Indian subsidiary.

Ideal candidate will have lived and/or done business in India, gained a background in a hi-tech industry (electronics, telecommunications, computers/computer-driven equipment, instrumentation, etc.) and have several years senior management experience. Age: 38-55 years.

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Responsibilities will include marketing a broad range of money market and fixed interest securities to a range of customers, especially Canadian corporates. Advising on financial strategies and opportunities in Canada will be a growing and important responsibility. To achieve this the jobholder will have to advise clients on relevant investment strategies and liaise closely with the company's sales/trading desk and corporate finance and banking departments.

Applicants must have a Business degree, a strong command of English and French, and a high level of computer literacy. At least two years' relevant capital markets experience particularly in Euronotes/CDs/Commercial Paper/FRNS/Eurobonds is essential. Candidates will also need a strong working relationship with Canada and Canadian corporates ideally developed through time spent there.

Please apply in writing with fully detailed CV to: R. J. Slamon (Ref FT/22), Vine Potterton Limited, 152/153 Fleet Street, London EC4A 2DH. Please state on a separate sheet if there are any companies to which your application should not be forwarded.

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The finance director will report to both the UK managing director and the chairman of the American main board on all financial performance matters. He or she will actively participate in all general business planning and development.

Preferred applicants will have appropriate professional qualifications and be able to demonstrate successful management of the financial affairs of a medium-size company with a highly computerised infrastructure. Prior experience of working for an American multi-national company will be a plus. Relocation assistance will be provided if necessary.

In the first instance, please send brief personal and career details, in confidence, to Douglas G. Mizon, quoting reference F/498/M.

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Their requirement is for a young qualified accountant able to offer commercial post-qualification experience, the ability to manage a large number of staff and a desire to contribute in a very positive way to a success story.

If interested telephone or write to Gordon Montgomery on 01-629 8863.

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Tha successful applicant will be aged early 30s upwards and a highly qualified chartered accountant. With extensive experience in the development of computerised systems, the appointee could helpfully also have experience of both retail operations and big organisations.

Very importantly, we seek an able communicator with the tact, persuasiveness, resilience and commercial awareness to support a demonstrabla professionalism. In return is offered stimulus, job satisfaction and the opportunity to grow rapidly both with and within the organisation. The benefits package is excellent.

Letters of application together with CV, salary progression and any other relevant data should be sent without delay to the Managing Director, Performance Management Limited, 8th Floor, Peter House, St. Peter's Square, Manchester, M1 5BH, quoting reference P151.

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Preferably a graduate in your 30's, you must have acquired good knowledge of standard practices in trade and treasury operations within the international sphere through experience in commercial or banking environments. This technical knowledge will need to be complemented by sound man management and presentation skills plus the ability to work to deadlines.

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To establish and maintain a records policies, standards and guidelines manual. Provides technical direction and advice to the Directorates' Co-ordinators on application of records standards and guidelines. Inspects Directorates' files, lists, indexes and recommend improvements where necessary. Overseas the design and implementation of a central archive facility and recommends ways and means of protecting records against hazards and unauthorized access. Establishes and implements a programme for vital record designations and corporate retention schedules. Maintains awareness on micrographics and record management technologies and advises on their usefulness.

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THE HUMAN RESOURCES DIVISION MANAGER
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Candidates, male or female, probably in their late 20s, must be Chartered Accountants with acquisition experience in industry or the profession. They must possess entrepreneurial as well as professional talents and be willing to give 100% commitment to earn rewards and progress.

Salary negotiable around £25,000, possibly more for ideal suitability, plus car and normal benefits including relocation help. Share options and/or equity stakes could be available.

Please send career details – in confidence – to D. A. Ravenscroft.

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Group finance director

East Midlands

C&L

This privately owned East Midlands based Group manufactures consumer products under a well known brand name and there is also a substantial "own label" contract business. Annual sales exceed £40M, the balance sheet shows strong liquidity and the group, which has the necessary manufacturing, marketing and financial resources, is poised for major expansion.

It is therefore the intention to reinforce the top management team by the appointment of a Group Finance Director. Your specific responsibilities will include the control of the financial, accounting and computer functions. You will however also be expected to make a creative, numerative and methodical contribution to the strategic thinking and progress of the group.

You will have an appropriate professional qualification and preferably be aged 35 to 45. Your experience should have been gained in manufacturing companies and you will need to be able to demonstrate strengths in systems development and firm financial control.

The remuneration package will be such as to attract a candidate of the highest professional and managerial calibre.

Please write, enclosing a full career résumé, to David Owens Ref: D289. Applications will be acknowledged and forwarded to our client and your covering letter should indicate any organisations whom you would not wish to receive your application.

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Financial Controller

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Knowledge of Spanish is desirable and the successful candidate should possess excellent communication and man-management skills. Experience in the leisure industry would be advantageous.

Interested candidates should contact **Rod Bailey** on London **01-256 5611** or write to **Rochester Ltd, Moor House, London Wall, London EC2Y 5ET.**

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COMMODITIES AND AGRICULTURE

Tentative labour pact reached at Yukon mine

By David Owen in Toronto

ZINC USERS, who have been suffering from high prices and metal shortages this year, were yesterday considering some good news and some bad news from Canada.

On the bright side, Curragh Resources said that, after an all-night bargaining session, it had reached a tentative agreement which might end the three-week strike of some workers at its Faro lead-zinc mine in the central Yukon.

In contrast, Cominco, the Vancouver-based metals group, expects to lose up to 10,000 tonnes of zinc production in the next few months at its 270,000 tonnes-a-year smelter at Trail, British Columbia.

About 2,000 tonnes of the shortfall will be caused by a recent mechanical failure in the plant's roasting system. This would be out of service for about a week, the company said.

The remaining losses will accrue from a scheduled maintenance shutdown in July. This will result in a reduction in output of between 7,000 and 8,000 tonnes.

Meanwhile, a Curragh official said yesterday the United Steelworkers of America union members would vote today on whether to ratify the contract agreement worked out this week.

More than 400 workers walked out last month after narrowly rejecting a one-year contract offering wage rises of over C$3 (£2.40) an hour.

The Faro mine, the largest of its kind in Canada, is the cornerstone of the meagre local economy. Its annual output is about 170,000 tonnes of zinc and 120,000 tonnes of lead.

No concentrate has been shipped from the mine since the strike started but the Curragh official said that employees would start work again tonight if they vote in favour of the new contract terms.

It is understood the memorandum of agreement provides for four consecutive 12-hour work days with four days off, instead of six 12-hour days and three days off under the old contract.

High protein soya futures planned

LONDON'S BALTIC Futures Exchange plans to launch a new futures contract in high-protein soyameal by the end of October.

Mr Bill Englebright, the BFE's director of futures markets, said it made sense to launch a futures contract for this grade because high-protein soyameal accounted for between 70 and 80 per cent of UK soyameal usage.

Kenneth Gooding reports on bumper figures from De Beers

Diamond sales soar to record level

DE BEERS, the South African mining company, is on course for a sparkling centenary year after reporting record rough (uncut) diamond sales for the first half of 1988.

The group said yesterday sales by its London-based Central Sales Organisation (CSO), which controls 80 per cent of the world's rough diamond market, reached $2.201bn, the highest six-month total ever recorded by the company.

Sales were 41 per cent or $641m higher than in the corresponding months of 1987.

This compares with analysts' forecasts of between $1.8bn and $1.9bn. "This is a staggeringly good result. It is unreal," commented Mr Peter Miller, analyst with the natural resources research group of Yorkton Securities.

Analysts would be up-rating their estimates of De Beers' earnings, he suggested. The group's earnings per share might reach between $1.85 and $1.90 compared with $1.28 for 1987, "and a hefty dividend rise to go with it," said Mr Miller.

Another analyst said De Beers' diamond account profit could rise to R2bn (£330m converted at the financial rand rate) this year compared with R1.303bn in 1987.

The CSO's previous record six-month sales total was $1.567bn in the first half of 1980 at the height of an inflation-led boom in commodities and much diamond hoarding, particularly by Israeli merchants.

The organisation attributed this year's sales performance so far to two main factors:

It cut significantly diamond allocations at the sales – known as "sights" – to the months following the stock markets crash last October, thus giving the trade confidence that any downturn in demand would not lead to a big build-up in stocks;

Heavy retail demand at Christmas in the US, when about 40 per cent of annual world retail diamond sales are made, was followed by increased demand for rough diamonds from the February sight onward.

The CSO took advantage of that buoyant demand to boost its prices by an average of 13.5 per cent in May, the second-highest increase in its history.

Dealers said yesterday the diamond market was still very strong and there was a shortage of good-sized gem stones in reasonable quantities for the first time in eight years.

In the early months of this year retail diamond exports have risen sharply in all the key cutting centres. In the January-May period exports from India jumped by 36 per cent compared with the same months of 1987 to $961m.

Exports from Israel rose by 28 per cent to $1.051bn in the same period.

Belgian exports from January to April, inclusive, were up by 48 per cent to $250m.

Analysts said De Beers must have been drawing down its diamond stocks and, consequently, the market would not be surprised if there was another price increase soon.

The CSO, however, pointed out yesterday that the dollar, the currency in which diamond prices are quoted, had recently been strengthening against the Japanese yen and it was still not clear what affect this would have on sales in Japan, the largest diamond retail market after the US, and the rest of the Pacific Rim region.

In Rand terms, the CSO's sales in the first half came to R4.691bn, a 46 per cent increase on the same months of 1987 and also a record for a half-year.

World grain forecast cut by 40m tonnes

BY RICHARD MOONEY

THE LONDON-based International Wheat Council has sharply reduced its forecasts for world 1988-89 wheat and coarse grain production in response to the continuing North American drought.

Its wheat crop forecast, as at July 5, is down by 10.3m tonnes from a month earlier at 508.3m tonnes, while the coarse grains figure has been cut by 31.5m tonnes to 768.7m tonnes. Actual production figures for 1987/88 were 513m tonnes and 800m tonnes respectively.

The reduced forecasts are entirely due to the American drought. US wheat production is now projected at 50m tonnes, down from 59.1m in the June report, while Canada's forecast is 2m tonnes lower at 20m tonnes.

The drought has severely curtailed US spring wheat yields, the report says. In most years they account for about a quarter of the harvest but this year the proportion could be down to 15 per cent.

For coarse grain's the cut is entirely attributable to the US, which is now expected to produce only 185m tonnes, 32.5m tonnes down from the June projection. "The outturn could well be lower still if heavy rains fail to arrive soon," the report warns.

The IWC says weather problems have also affected wheat production in China and India, but it leaves the forecasts for those countries unchanged at 88m tonnes and 43m tonnes respectively.

"In other major producing areas," the report says, "prospects are more favourable, with larger crops expected in Western Europe, Eastern Europe, the USSR, Argentina and Australia."

The Soviet Union is expected to produce another large harvest, although the IWC's projection of 218m tonnes remains below the official target of 235m tonnes. If that is achieved imports are likely to fall from 1987-88's 34m tonnes to 26m tonnes, but the reports warns that "the Soviet crop is still extremely sensitive to sudden changes in the weather."

● South Africa will have to renegotiate some of its long-term export contracts for maize and reduce exports because of drought damage to this year's harvest, the official Maize Board said, reports Reuter from Johannesburg.

"The implications are that we have to reduce our export quantities, we have to roll some of our export volumes forward, and we also have to renegotiate the volumes of the crop to be exported this year," said Mr Hennie Davel, the Maize Board's general manager.

"In order to secure our supply position, we will have to negotiate some of our long-term contracts and our export quantities," Mr Davel told state-run radio news in an interview.

Tin Council forced to shut up shop

By our commodities staff

THE LONDON-based International Tin Council has been forced to shut up shop by UK High Court rulings freezing its assets and income.

The freezing of the ITC's administration account was ordered early last month by Mr Justice Millett and this week the order was extended to cover its income – including unpaid contributions from its member states. That followed the withdrawal of the council's claim that its administrative account was immune from attempts by its creditors to obtain payment of money owed to them.

That has left the council unable to pay salaries, day-to-day expenses and legal fees for court proceedings arising from the collapse of its price support operation nearly three years ago. The only ITC money not frozen is lodged with solicitors to fight an application for the appointment of a receiver.

Following a special council session a communique was issued in which the ITC said that in these circumstances it would be unable to continue the compilation and publication of statistics and studies on the tin industry.

Staff have been given six months' notice, in accordance with contract conditions, but they have been warned that it may be necessary to terminate the contracts before the end of the year.

Council delegates say it is not yet clear how the ITC will be able to carry on fighting other legal cases arising from the 1985 collapse, which left banks and metal brokers owed an estimated £900m on sales to the council's buffer stock at artificially high prices.

Plans for research cuts anger farmers

BY BRIDGET BLOOM

BRITISH GOVERNMENT plans to cut back spending on agricultural and horticultural research are causing consternation within the farming and associated industries.

Criticism is being levelled at the Government not only on the size of the projected cuts but on the proposed timing and on the manner in which industry is being consulted on their implications.

According to figures given to the horticulture and arable sectors of the industry by Baroness Trumpington, Junior Minister of Agriculture, over the last ten days, applied horticultural research is to be cut by up to 65 per cent from the present total of about £17m a year. Arable crop research cuts of some 33 per cent or £6m over three years are also proposed.

The cuts are being discussed in a series of sectoral meetings, the latest of which is to be held next Wednesday on livestock. Industry representatives at last week's meeting on arable crops and horticulture complained that they were given very short notice of the meetings which themselves provided insufficient information for a proper assessment of the implications of the proposed cuts.

Reductions in research spending are part of a government-wide bid to shift the costs of much applied or "near-market" research and development onto those industries which benefit directly from it.

But while farming organisations and companies appear to accept that as a reasonable goal, they question whether the Government's methods and particularly timing of the cuts over only two to three years is in the long term interests of the industry as a whole.

"The proposed cuts in horticultural research are causing particular concern. Mr Simon Gourlay, President of the National Farmers Union which also represents horticulture, said that the proposed cuts would make it "impossible to maintain a viable research base" for the industry.

Overall government spending on agricultural research and development within the UK is some £150m of which about half is thought to go on "commissioned" or applied research.

At the Royal Show earlier this week, Mr John MacGregor, Minister of Agriculture, said that much basic research, including matters of public health and safety, would remain publicly funded. He described claims – made by the Institution of Professional Civil Servants – that cuts of some £80m were planned as an exaggeration.

However, ministers do not now deny that substantial cuts are underway, even though they refuse publicly to put an overall figure on the reductions being sought.

This failure to put projected sectoral cuts into their wider context and the apparent "divide and rule" nature of the sectoral meetings with industry, have been specially criticised by industry representatives.

Low prices force closure of NZ meat plants

BY DAI HAYWARD IN WELLINGTON

THE NEW Zealand farming industry signalled a further recessionary step this week when the closure of two South Island meat processing plants was announced, putting 1,700 staff out of work.

The decision followed talks between the major processing companies which have suffered, along with New Zealand farmers, a sharp downturn in fortunes in recent years.

The closure of the Islington works in Christchurch, employing 814 people, and the Burnside plant in Dunedin, employing 876, will cost millions of dollars in redundancy payments but, it may not be the end of the industry's misery.

There were indications from the companies involved in the major restructuring, that further plants may also have to close, to try to reduce what has become massive overcapacity in a declining industry.

The three-way restructure sees Waitaki International close the two plants and sell two more to PPCS, a farmer co-operative company. But it will buy three works from Fletcher Challenge, in return for Fletcher Challenge getting a shareholding in Waitaki. Waitaki is part owned by Goodman Fielder Wattie.

At the heart of the woes are falling prices; of a magnitude the producer board compares with the 1930s depression. Returns to farmers have fallen from NZ$17.50 (£7) per sheep, including a $10.15 subsidy, five years ago, to NZ$5.80.

Waitaki chairman Mr Pat Goodman said there should have been more co-operation earlier between the major companies involved. Sadly there would be further rationalisation to come.

Fletcher Challenge's chief executive, Mr Hugh Fletcher, said the restructuring was an attempt to find a solution to a difficult problem. Fewer costs and more value for farmers must be achieved, he said.

Mr Jack Scott, president of the meat workers' union, said the closures need not have happened, had the industry been better at marketing its products.

Falling level of Mississippi slows coal shipments

BY GERARD McCLOSKEY

THE SEVERE drought in the US, which threatens to wreak havoc on this year's grain harvest, is already posing extreme problems on a second front: the movement of coal on the Mississippi River.

The record low levels of the river and of its feeder rivers have already resulted in barge tows running aground and blocking the river, and has forced barge companies to cut the number of barges in each tow to 20 barges from the usual 35 or even 50. Already barges are being loaded to a shallower draft than the usual nine feet. Barges journeys that typically take 15 days are now taking double that time.

Last year 7.7m short tons were moved down the river but this year some coal exporters are being forced to find alternative routes. Some are taking coal out through the McDuffie Island Terminal in Mobile while others are seeking to rail the coal to the East Coast ports. Both alternatives are more expensive.

The Mississippi opened up for coal export traffic in recent years because of prohibitive rail rates in the first half of the 1980s. Now the railroads are short of rail cars, partly because of scrappings and partly because cars are being diverted to feed supplies to the Great Lakes during the short Great Lakes season.

Nonetheless, Norfolk Southern said last week that it had decided to refurbish 3,500-4,000 rail cars it had planned to scrap.

Although ships are still loading and will continue to load throughout the summer at the export terminals, the river is entering its traditional dry season and the situation could deteriorate further.

The problems on the river could not come at a worse time for the coal market. Already prices have risen sharply throughout this year with South African barge lots being offered in Rotterdam at $38.50 this week compared with a little over $26 a year ago.

In Australia, mine closures have been followed by a series of strikes - the miners have struck again this week following hard on a two-week stoppage, while Chinese exports have proved extremely disappointing and supplies from Colombia are sold out for the year.

All the signs are that coal prices will go much higher before the year is out. The Australian strikes came after stockpiles had fallen at the end of May to 2.16m tonnes of coking coal and 2.34m tonnes of steam coal compared with 6.44m tonnes and 7.44m tonnes 12 month previously.

South African producers are giving serious consideration to an expansion of capacity, reversing a trend which has seen a move to single-shift coaling at some mines and the closure of coal faces in recent months.

Prices are rising too because of a change in the selling policies of many of the major exporters, notably in the Australian industry. A year ago many were concentrating on market share and a high throughput at the mines. But this year all producers have adopted a far more simple approach of selling at a profit or not at all.

The strength of the Australian dollar and relatively robust freight rates are also conspiring to push up the delivered price of Australian coal: Australia is the largest exporter of both steam and coking coals. This in turn is sending buyers back to the US for spot purchases for the first time since the first years of the 1980s.

Clearly when demand picks up again after the summer lull the focus will once again be on the US to supply Europe. All the predictions are that the Mississippi will then be far less feasible as a route for coal exports than it is at present – not least because the newly-harvested grain will be competing with coal for the limited barge space available.

Most buyers are now joining with the producers in predicting that this will give another twist to today's rising coal price spiral which should see both Australian and US steam coals commanding prices in the mid-$40s throughout Europe.

WORLD COMMODITIES PRICES

LONDON MARKETS

Prices on the London Metal Exchange eased back from their high levels yesterday. Nickel fell by $450 a tonne for cash metal to $14,950 and by $405 a tonne to $14,445 for delivery in three months. Traders said the tone reflected renewed influential merchant selling and lending (selling cash and buying forward) on an unreceptive market. As for zinc, traders said early trade buying pushed up three-month prices but commission house selling and liquidation, which has provided resistance to any rise above $1,176 a tonne (£692 a tonne) once again resulted in a sharp fall from $1,225 to the $1,170 support level. Zinc rallied in the afternoon but the cash price still ended £28 down at £719.50 ($1,223 a tonne) and three-months metal dipped by £24 to £694.50 a tonne. Only lead held its ground on the LME yesterday and remained unchanged at £380 a tonne for cash metal while the three-month price slipped by only £1.50 to £377.5.

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$12.75-2.85z	+0.425
Brent Blend	$14.45-4.55	+0.525
W.T.I. (1 pm est)	$15.35-5.40z	+0.49
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$175-179	
Gas Oil (Soviet)	$130-131	+2
Heavy Fuel Oil	$65-66	+0.5
Naphtha	$143-145	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$437.25	-0.50
Silver (per troy oz)♣	678c	
Platinum (per troy oz)	$554.85	-1.90
Palladium (per troy oz)	$124.60	-0.55
Aluminium (free market)	$2745	
Copper (US Producer)	100⅝-110c	-3.675
Lead (US Producer)	36c	
Nickel (free market)	700c	
Tin (European free market)	£4200	-10
Tin (Kuala Lumpur market)	18.54r	+0.02
Tin (New York)	332.5c	
Zinc (Euro. Prod. Price)	$1337.5	
Zinc (US Prime Western)	65⅝c	
Cattle (live weight)†	119.38p	+1.91*
Sheep (dead weight)†	189.28p	+35.94*
Pigs (live weight)†	70.73p	+3.30*
London daily sugar (raw)	$339x	-8
London daily sugar (white)	$321x	-2
Tate and Lyle export price	£309.5	-7.0
Barley (English feed)	£105z	
Maize (US No. 3 yellow)	£146.75	
Wheat (US Dark Northern)	£132x	
Rubber (spot)♥	75.25p	-0.25
Rubber (Aug)♥	81.75p	
Rubber (Sep)♥	82.00p	
Rubber (KL RSS No 1 Aug)	358.5m	-2.5
Coconut oil (Philippines)§	$695y	
Palm Oil (Malaysian)§	$532q	
Copra (Philippines)§	$485	-5
Soyabeans (US)	£229	
Cotton "A" index	66.8c	-1.1
Wooltops (64s Super)	654p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. x-Jul/Aug. s-Aug/Sep. z-Aug. q-Sep. w-Oct. y-Sep/Oct. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne	Close	Previous	High/Low	
Jly	952	944	948	941
Sep	967	962	968	954
Dec	974	970	976	963
Mar	990	989	994	981
May	1008	1008	1010	1005
Jul	1027	1027	1022	1020
Sep	1045	1046		

Turnover: 4630 (4868) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for July 5: 1231.30 (1215.91). 10 day average for July 6: 1212.25 (1205.81)

COFFEE £/tonne	Close	Previous	High/Low	
Jly	1056	1055	1060	1047
Sep	1080	1073	1084	1070
Nov	1102	1092	1104	1088
Jan	1115	1114	1123	1106
Mar	1130	1133	1138	1130
May	1150	1155	1153	1100
Jul	1172	1180	1173	

Turnover: 2350 (2158) lots of 5 tonnes
ICO indicator prices (US cents per pound) for July 5: Comp. daily 1979 112.78 (113.04); 15 day average 116.87 (117.33).

SUGAR $ per tonne	Close	Previous	High/Low	
Raw				
Aug	325.00	304.00	325.00	315.60
Oct	315.40	290.60	318.00	292.20
Dec	310.60	289.00	288.00	
Mar	280.40	279.00		277.20
May	297.00	277.00	296.00	276.00
White				
Aug	337.00	318.00	328.00	318.00
Oct	331.50	313.00	333.00	312.60
Dec	332.00	313.00		
Mar	330.00	312.00	328.00	313.00
May	332.00	312.00	319.90	318.00

Turnover: Raw 10018 (10553) lots of 50 tonnes; White 3442 (1803).
Paris- White (FFr per tonne): Aug 1965, Oct 1935, Dec 1940, Mar 1945, May 1950, Aug 1950

GAS OIL $/tonne	Close	Previous	High/Low	
Jul	130.25	128.25	130.25	128.25
Aug	129.50	127.25	129.50	127.90
Sep	129.50	127.90	129.50	127.75
Oct	131.00	128.25	131.00	129.00
Nov	132.00	129.50	131.75	130.70
Dec	133.50	130.25	133.00	131.25
Jan	134.25	131.50	133.25	133.00

Turnover: 9452 (4514) lots of 100 tonnes

GRAINS £/tonne	Close	Previous	High/Low	
Wheat				
Jly	107.19	107.90	107.50	107.00
Sep	107.50	108.50	107.50	
Nov	110.00	111.19	110.70	110.00
Jan	112.70	113.80	113.30	112.70
Mar	115.10	116.25	115.75	115.10
May	117.75	118.75	118.00	117.70
Barley				
Sep	102.65	103.65	103.35	102.85
Nov	105.70	108.70	106.50	105.70
Jan	108.70	109.70	100.35	108.70
Mar	111.15	111.90	111.15	
May	112.75	113.35	112.75	

Turnover: Wheat 170 (238), Barley 55 (149) lots of 100 tonnes.

LONDON METAL EXCHANGE	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
(Prices supplied by Amalgamated Metal Trading)						
Aluminium, 99.7% purity ($ per tonne)						Ring turnover am. 4,250 tonne
Cash	2660-80	2685-95		2640-60		
3 months	2580-600	2580-90		2590-610	2630-50	6,524 lots
Aluminium, 99.5% purity (£ per tonne)						Ring turnover am. 10,425 tonne
Cash	1520-5	1510-5		1475-80		
3 months	1475-7	1446-8	1480/1443	1440-5	1482-5	54,546 lots
Copper, Grade A (£ per tonne)						Ring turnover am. 25,475 tonne
Cash	1315-20	1370-5	1340/1335	1338-9		
3 months	1274-5	1310-1	1313/1273	1289-91	1277-9	69,447 lots
Copper, Standard (£ per tonne)						Ring turnover am. 0 tonne
Cash	1270-80	1295-305		1290-300		
6 months	1235-45	1265-75		1250-60		39 lots
Silver (US cents/fine ounce)						Ring turnover am. 140,000 ozs
Cash	672-5	672-5		673-4		
3 months	685-8	684-7		685.5-7	685-90	592 lots
Lead (£ per tonne)						Ring turnover am. 10,325 tonne
Cash	379-81	379-81	384/381	384-5		
6 months	377-8	378-80	381/375	379-80	378-80	12,915 lots
Nickel ($ per tonne)						Ring turnover am. 450 tonne
Cash	14900-5000	15300-500	15100/15000	15000-100		
3 months	14440-50	14800-900	14700/14460	14650-700	14400-50	6,672 lots
Zinc (£ per tonne)						Ring turnover am. 5,000 tonne
Cash	719-20	745-50	716/712	715-7		
3 months	694-5	718-9	706/685	690-1	705-7	23,684 lots

POTATOES £/tonne	Close	Previous	High/Low	
Nov	87.5	88.0	88.0	
Feb	99.9	100.0		
Apr	131.8	132.1	133.5	131.2
May	143.8	143.8		

Turnover: 296 (414) lots of 100 tonnes.

SOYABEAN MEAL £/tonne	Close	Previous	High/Low	
Aug	187.50	197.00	187.90	
Oct	186.50	195.90	190.10	185.10
Dec	188.00	197.90	191.90	188.00
Feb	190.50	200.00	191.00	

Turnover: 307 (201) lots of 100 tonnes.

FREIGHT FUTURES $10/index point	Close	Previous	High/Low	
Jly	1212.9	1239.9	1225.0	1205.0
Aug	1265.0	1294.0	1275.0	1260.0
Oct	1372.0	1383.0	1375.0	1360.0
Jan	1390.0	1394.0	1390.0	1378.0
Apr	1415.0	1430.0	1415.0	1400.0
BFI	1200.0	1210.9		

Turnover: 238 (126)

WOOL
Australia's floor price has been fixed at 875 cents a kg, in the middle of the 850-900c range proposed by several spokesmen in recent weeks. For wool users this means that there is a downward potential of only 20pc from the closing level for the market indicator last week. Allowing for the likelihood that the Australian wool corporation will operate with flexible support at higher levels if the market should slide downwards, the new floor price effectively prevents wool growers from losing the bulk of the price advance of the past eighteen months. There is wide variation between types, however, and finer merinos which increased most sharply in price could fall by around 30pc from their market level last week. Bradford remains a dull market, with prices substantially unchanged and new business lacking.

LONDON BULLION MARKET		
Gold (fine oz)	$ price	£ equivalent
Close	437-437½	255-255½
Opening	438-438½	255½-256
Morning fix	438.1	255.154
Afternoon fix	436.8	254.991
Day's high	438½-439	
Day's low	436¾-437¼	
Coins	$ price	£ equivalent
US Eagle	450-455	262-265
Mapleleaf	450-455	262-265
Britannia	450-455	262-265
Krugerrand	436-439	254-256
1/2 Krug	229-238	133½-138¾
1/4 Krug	114-122	66½-71⅛
Angel	450-455	262½-265⅜
1/10 Angel	46-51	26¾-29¾
New Sov.	103-104	60-60¾
Old Sov.	103-104½	60-61
Noble Plat	569.5-77.2	332.3-336.75

Silver fix	p/fine oz	US cts equiv
Spot	395.40	677.90
3 months	405.50	691.25
6 months	415.40	704.85
12 months	435.90	733.80

LONDON METAL EXCHANGE TRADED OPTIONS	Calls		Puts	
Aluminium (99.7%)				
Strike price $ tonne	Sept	Nov	Sept	Nov
2450	378	376	82	172
2600	283	300	135	241
2750	206	336	206	323
Aluminium (99.5%)	Calls		Puts	
2350	364	321	133	201
2500	272	252	199	278
2650	205	195	280	366
Copper (Grade A)	Calls		Puts	
2150	182	170	151	209
2250	136	133	205	269
2350	103	102	269	336

US MARKETS

The grains and soybean complex opened *lower on follow-through selling from* Tuesday, and in response to lower European values, reports Drexel Burnham Lambert. However, fund buying and an unwinding of corn/soybean spreads coupled with reports that a new 6-10 day forecast may indicate a return to hot, dry weather prompted renewed buying which reversed the day's trend in all the markets except corn. Cattle fell in a reaction to recent strength. Hogs were steady in nearby contracts as concern increased over light runs and low weights, while forward contracts were lower in anticipation of larger supplies. Pork bellies continued weak but recovered slightly on short-covering. Copper rallied in late trading following early weakness on commission house and fund selling as trade and local buying emerged to take prices higher on the day. Sugar penetrated long-term resistance with good trade and commission house buying which touched off stops before profittaking pared gains slightly. The *precious metals were steady, gold on* short-covering, in response to a weaker U.S. dollar, but in light volume.

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Jul	438.6	438.1	437.8	436.7
Aug	440.7	440.3	441.1	438.5
Sep	443.4	442.9	0	0
Oct	446.1	445.6	445.6	443.9
Dec	451.4	450.8	452.0	449.0
Feb	456.8	456.2	456.5	454.2
Apr	462.2	461.5	461.7	459.6
Jun	467.7	466.9	466.8	465.5
Aug	473.3	472.4	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jul	566.9	556.6	570.5	566.0
Oct	575.9	563.6	577.0	562.5
Jan	583.1	570.8	583.5	570.0
Apr	590.4	578.1	0	0
Jul	597.9	585.6	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Jul	681.9	676.6	682.0	675.0
Aug	686.0	680.9	0	0
Sep	690.5	685.5	691.0	683.0
Dec	705.3	700.0	706.0	697.0
Jan	710.3	704.9	0	0
Mar	720.8	715.3	719.0	714.5
May	730.7	725.9	728.0	728.0
Jul	741.3	735.8	740.5	735.0
Sep	751.9	746.2	0	0
Dec	768.3	762.6	0	0

COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	101.35	100.00	101.50	98.30
Aug	98.40	97.60	0	0
Sep	95.50	95.10	95.80	92.25
Dec	89.50	86.10	89.50	86.70
Jan	88.10	86.60	86.50	86.50
Mar	84.90	83.10	85.50	83.00
May	83.40	81.60	81.60	81.60
Jul	82.00	80.10	83.00	80.50
Sep	80.20	78.30	79.00	79.00
Dec	79.25	78.05	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Aug	15.41	15.09	15.44	15.10
Sep	15.59	15.30	15.62	15.41
Oct	15.71	15.41	15.74	15.51
Nov	15.82	15.51	15.83	15.62
Jan	15.96	15.68	16.00	15.82
Mar	15.96	15.70	15.96	15.90
Apr	15.97	15.81	16.10	15.97
May	16.00	15.83	0	0

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Aug	4250	4139	4260	4185
Sep	4310	4210	4320	4247
Nov	4478	4372	4476	4410
Dec	4550	4454	4560	4480
Jan	4575	4492	4575	4539
Feb	4574	4502	4590	4536
Mar	4410	4347	4430	4387
Apr	4300	4232	4300	4300

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Jul	1610	1580	1919	1575
Sep	1615	1585	1618	1580
Dec	1588	1569	1595	1573
Mar	1599	1587	1604	1590
May	1612	1605	1628	1608
Jul	1641	1632	1644	1638
Sep	1679	1670	1675	1675
Dec	1702	1691	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Jul	133.55	132.19	134.10	132.65
Sep	134.17	132.69	134.80	133.10
Dec	133.82	131.98	133.75	132.60
Mar	132.88	131.80	133.50	132.40
May	132.75	131.75	132.75	132.25
Jul	132.00	131.75	132.75	132.75
Sep	131.75	131.80	0	0
Dec	131.45	131.30	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Oct	13.99	12.82	14.10	12.92
Jan	13.56	12.36	13.00	12.86
Mar	13.29	12.29	13.30	12.32
May	13.14	12.23	13.15	12.22
Jul	12.97	12.08	13.05	12.30
Oct	12.86	12.00	12.90	12.01

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Jul	66.80	65.00	66.86	66.70
Oct	61.73	60.43	61.90	59.60
Dec	60.40	59.17	60.45	58.85
Mar	61.05	59.90	61.05	59.70
May	61.28	60.00	61.35	60.50
Jul	61.43	60.80	61.60	61.90
Oct	62.35	61.30	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jul	189.25	188.00	189.25	187.90
Sep	182.90	181.30	182.90	181.90
Nov	176.75	175.80	176.75	170.80
Jan	169.85	169.70	170.00	169.25
Mar	168.90	168.70	168.30	168.10
May	168.15	167.70	0	0
Jul	167.10	166.60	0	0
Sep	167.15	166.50	0	0
Nov	167.10	166.50	0	0

INDICES				
REUTERS (Base: September 18 1931 = 100)				
	July 5	July 1	mnth ago	yr ago
	2020.9	2004.4	1874.2	1645.9
DOW JONES (Base: December 31 1974 = 100)				
Spot	137.56	136.79	138.02	128.29
Futures	141.00	141.76	140.37	125.97

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jul	984/0	959/0	985/0	930/0
Aug	966/4	961/4	966/0	933/0
Sep	969/0	963/2	964/0	934/0
Nov	962/4	958/4	965/0	932/0
Jan	971/0	952/4	972/0	926/0
Mar	968/4	946/0	967/0	925/0
May	960/4	926/0	951/0	908/0
Jul	936/4	918/0	938/0	902/0

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	31.47	31.52	31.70	30.23
Aug	31.55	31.57	31.79	30.37
Sep	31.67	31.70	31.85	30.50
Oct	31.78	31.77	32.00	30.70
Dec	31.87	31.85	32.05	30.67
Jan	31.65	31.45	31.63	30.65
Mar	31.30	31.20	31.45	30.40
May	30.72	30.52	30.90	29.90

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Jul	293.5	285.2	294.0	282.5
Aug	289.7	282.9	290.0	278.5
Sep	286.0	277.7	288.8	275.0
Oct	284.5	277.9	285.0	273.0
Dec	283.7	278.2	285.0	271.0
Jan	279.7	273.2	281.0	270.0
Mar	274.5	278.0	275.0	266.0
May	270.0	267.5	690.0	266.0

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Jul	342/0	344/0	346/0	331/0
Sep	348/6	351/0	353/0	339/0
Dec	356/0	357/4	360/0	344/0
Mar	357/0	358/0	361/0	348/0
May	357/2	359/0	351/0	348/0
Jul	351/0	353/0	356/0	346/0
Sep	308/0	307/0	317/6	308/0
Dec	285/0	286/0	290/0	285/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Jul	393/4	369/0	394/0	368/4
Sep	408/6	400/4	408/0	382/0
Dec	418/6	410/4	419/4	401/4
Mar	420/6	414/0	422/0	404/4
May	406/0	402/0	410/0	397/0
Jul	384/0	377/0	385/0	372/0

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Aug	64.92	65.70	65.77	64.75
Oct	66.67	66.40	66.60	66.65
Dec	68.80	69.85	69.90	68.70
Feb	71.37	71.67	72.25	71.35
Apr	73.50	74.00	74.50	73.35
Aug	71.90	72.28	72.80	71.80

LIVE HOGS 30,000 lb; cents/lbs	Close	Previous	High/Low	
Jul	44.57	44.07	44.85	44.00
Aug	42.82	42.90	43.35	42.65
Oct	40.98	41.05	41.20	40.70
Dec	44.72	44.90	45.22	44.55
Feb	48.82	49.12	49.47	48.88
Apr	48.70	48.60	48.90	48.30
Jul	56.20	0	56.00	56.20

PORK BELLIES 38,000 lbs; cents/lb	Close	Previous	High/Low	
Jul	32.40	33.25	33.65	32.15
Aug	32.80	34.17	34.45	32.50
Feb	55.55	57.55	57.35	55.55
Mar	54.70	56.70	56.90	54.70
May	54.37	56.37	57.00	54.27
Jul	55.70	57.70	58.15	55.75

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar runs out of steam

HIGH YIELDING currencies were the subject of increased demand yesterday, as the dollar's recent advance seemed to run out of steam.

Tha dollar was sold in New York on Tuesday, and extended its losses in fairly quiet Tokyo trading. This led to a weak opening for the US currency in Europe, before soma sign of recovery was seen.

The lack of any move by the US Federal Reserve and Bank of Japan to stop the dollar rising in recent weeks continued to provide underlying support, but not enough to prevent a downward correction. Dealers in Tokyo were divided on whether Tuesday's peak of Y135.25 will prove a ceiling for the US currency.

Dealers in Frankfurt reported further intervention by the West German Bundesbank, but not on a large scale, with the market already looking to take profits in the dollar, and find an alternative, if temporary home for funds.

It is something of a cliche to say that the market is taking a wait and see attitude, ahead of the US trade figures on July 15. This usually means the market is looking for an excuse to do nothing, but in this case the figures are likely to ha significant in deciding whether there has been a fundamental improvement in the US trade position, and whether the dollar's recovery can be sustained.

The result may not be clear cut however, with economists predicting some deterioration in the May deficit, from the unexpectedly good April figure of $9.9bn. Most forecasts are in the region of $11bn to $12bn.

In the meantime speculative money, which has been returning to the dollar, is looking for high yielding currencies to use as parking lots, until the US trade news is announced.

Five increases in UK bank base rates since the beginning of June have restored sterling's attraction on interest rate differentials. The pound and other high yielding currencies, such as the Canadian dollar and Australian dollar met with increased demand yesterday.

On Bank of England figures, sterling's exchange rate index rose 0.3 to 75.5.

The pound rose 60 points to $1.7125. It also improved to DM3.12 from DM3.1125; to SFr2.59 from SFr2.5875; and to FFr10.4975 from FFr10.4875; but eased to Y228.75 from Y229.00.

The Japanese yen bounced up, recovering after a period when it has been heavily sold against the dollar. Lack of intervention by the Bank of Japan to support the yen, has contrasted with the steady buying of D-Marks against the dollar by the Bundesbank. Until yesterday this had led to a general weakening of the yen against European currencies as well as the dollar.

The Bundesbank sold dollars on the open market and at the Frankfurt fixing.

Dealers saw the central bank enter the market to sell a small amount of dollars for D-Marks, at around DM1.8210 in tha early afternoon.

Shortly after, the Bundesbank was again reported as selling dollars for D-Marks at around $1.8235 This was again not particularly aggressive.

Earlier in the day the Bundesbank sold $133.1m when the dollar was fixed at DM1.8230, compared with DM1.8234 on Tuesday.

The dollar recovered slowly to close only slightly weaker in London at DM1.8220 compared with DM1.8235; at Y133.60 against Y134.20; at SFr1.5125 compared with SFr1.5165; and at FFr6.13 against FFr6.1425.

According to the Bank of England the dollar's index fell to 97.5 from 97.9.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4951	+2.44	+1.17	±1.5344
Danish Krone	7.85212	7.88237	+0.39	-0.88	±1.5404
German D-Mark	2.05853	2.07763	+0.93	-0.34	±1.0981
French Franc	6.90403	6.99502	+1.32	+0.05	±1.3674
Dutch Guilder	2.31943	2.34099	+0.93	-0.34	±1.5012
Irish Punt	0.768411	0.773887	+0.71	-0.56	±1.6684
Italian Lira	1483.58	1540.60	+3.84	+3.10	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

July 6	Latest	Previous Close
£ Spot	1.7135-1.7140	1.7120-1.7130
1 month	0.31-0.30pm	0.30-0.29pm
3 months	0.91-0.88pm	0.89-0.87pm
12 months	3.00-2.99pm	3.08-3.00pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	July 6	Previous
8.30 am	75.4	74.9
9.00 am	75.3	74.9
10.00 am	75.4	75.0
11.00 am	75.5	75.1
Noon	75.6	75.0
1.00 pm	75.5	75.0
2.00 pm	75.5	75.0
3.00 pm	75.6	75.1
4.00 pm	75.5	75.2

CURRENCY RATES

July 6	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.772197	0.665357
U.S Dollar	6	1.30563	1.14055
Canadian $	8.75	1.58584	1.57916
Austrian Sch.	3½	16.7656	14.6139
Belgian Franc	6¾	49.8565	43.4951
Danish Krone	7½	9.04802	7.88257
Deutsche Mark	3	2.38095	2.07763
Neth.Guilder	3½	2.68372	2.34099
French Franc	9½	8.02310	6.99502
Italian Lira	12½	1767.76	1540.60
Japanese Yen	2½	176.064	152.469
Norway Krone	8	8.73205	7.57442
Spanish Peseta	-	N/A	138.201
Swedish Krona	8½	8.24244	7.16497
Swiss Franc	2½	1.98129	1.72680
Greek Drach.	20½	190.960	166.304
Irish Punt	-	0.887238	0.773887

*All SDR rates are for July 5

CURRENCY MOVEMENTS

July 6	Bank of England Index	Morgan** Guaranty Changes %
Sterling	75.5	-17.4
U.S Dollar	97.5	-10.0
Canadian Dollar	85.0	-2.5
Austrian Schilling	135.1	+9.9
Belgian Franc	98.3	-5.8
[illegible]	[illegible]	[illegible]

OTHER CURRENCIES

[illegible]

*Selling rate

POUND SPOT- FORWARD AGAINST THE POUND

July 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7100-1.7170	1.7120-1.7130	0.31-0.29cpm	2.07	0.93-0.88pm	2.11
Canada	2.0645-2.0805	2.0655-2.0665	0.16-0.06cpm	0.64	0.38-0.26pm	0.62
Netherlands	3.50¼-3.52	3.51-3.52	1¾-1½cpm	5.53	4¾-4¼pm	5.48
Belgium	64.90-65.50	65.30-65.40	20-17cpm	3.40	61-57pm	3.61
Denmark	11.79¾-11.86	11.84-11.85	1¾-1oreprn	1.39	4½-4¼pm	1.52
Ireland	1.1575-1.1650	1.1615-1.1625	0.22-0.28dis	-2.58	0.60-0.70dis	-2.24
W. Germany	3.10¼-3.12¼	3.11¾-3.12¾	1½-1¼pfpm	5.53	4½-4¼pm	5.53
Portugal	253.80-255.20	253.80-254.80	16-44dis	-1.42	79-144dis	-1.76
Spain	206.70-208.10	207.30-207.75	5-14dis	-0.56	15-25dis	-0.39
Italy	2306-2318½	2313-2314	par-3lirdis	-0.78	2-24dis	-2.25
Norway	11.34-11.39¾	11.36½-11.37½	3½-3¾oredis	-3.76	9¼-10½dis	-3.54
France	10.47-10.52½	10.49¼-10.50¼	2¼-2cpm	2.45	6½-6pm	2.38
Sweden	10.72½-10.77¼	10.75¼-10.76¼	¼-⅝oredis	-0.49	⅝-1¼dis	-0.35
Japan	228¼-229¼	228¼-229¼	1½-1ypm	5.57	3¼-3pm	5.46
Austria	21.85-21.95	21.90-21.95	10½-9½gropm	5.47	31½-29½pm	5.50
Switzerland	2.58¼-2.59½	2.58½-2.59½	1½-1¼cpm	6.37	4¼-4pm	6.37

Belgian rate is convertible francs. Financial franc 65.70-65.80. Six-month forward dollar 1.73-1.68cpm 12 month 3.05-2.95pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

July 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7100-1.7170	1.7120-1.7130	0.31-0.28cpm	2.07	0.93-0.88pm	2.11
Ireland†	1.4715-1.4785	1.4730-1.4740	0.16-0.22dis	-1.54	0.25-0.40pm	-0.88
Canada	1.2060-1.2135	1.2065-1.2075	0.13-0.16cdis	-1.44	0.44-0.47dis	-1.50
Netherlands	2.0425-2.0550	2.0515-2.0525	0.66-0.64cpm	3.81	1.80-1.75pm	3.48
Belgium	37.95-38.20	38.10-38.20	6-4cpm	1.58	17-13pm	1.58
Denmark	6.88-6.92	6.91½-6.92	0.10dis-0.40pm	0.43	0.10dis-0.40pm	0.14
W. Germany	1.8110-1.8245	1.8215-1.8225	0.57-0.54pfpm	3.66	1.65-1.60pm	3.57
Portugal	148¼-149	148¼-149	30-60cdis	-3.63	100-200dis	-4.04
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

FINANCIAL FUTURES

Gilt prices lose ground

GILT FUTURES finished on a weak note in yesterday's Liffe market. The softer trend came despite a further rise in sterling, and a steady tone to interest rates in the cash market.

The absence of any major UK economic data meant that traders were more influenced by chart considerations and technical analysis. From the latter, it was suggested that with long gilt prices breaking above Tuesday's high but finishing below Tuesday's close, prices today were likely to open on a weaker note.

More concrete factors were also responsible for yesterday's softer close, with dealers reporting one very large sell order in the afternoon, which pushed the long gilt price down 7 basis points in very short time to finish at 94-13, compared with a high of 95-07 and Tuesday's close of 94-27.

Short sterling futures traded quietly for much of the day. Trading volume was down to less than 14,000 lots in the September contract, and there was little inspiration gained from a static cash market. The September price finished unchanged from Tuesday's close at 89.74.

US Treasury bonds failed to provide any support, breaking below a key level of 88-05 to touch a low of 88-01. It recovered to finish at 88.05, but this was still down from 88-12 at the start and 88-10 on Tuesday. The dollar's weaker trend so far this week, and proximity of data on US unemployment - due for release tomorrow - encouraged investors to reduce their exposure by liquidating long positions.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
88	628	638	2	6
90	431	451	5	19
92	239	314	13	46
94	308	156	46	124
96	21	100	159	232
98	5	31	343	363
100	2	13	540	545

Estimated volume total, Calls 3795 Puts 4140
Previous day's open int. Calls 27162 Puts 40169

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Sep	Calls-settlements Dec	Puts-settlements Sep	Puts-settlements Dec
82	620	610	10	60
84	437	447	27	133
86	263	334	53	220
88	145	235	135	321
90	52	149	242	435
92	23	112	413	562
94	10	49	600	735

Estimated volume total, Calls 90 Puts 117
Previous day's open int. Calls 764 Puts 1125

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements JUL	Calls-settlements AUG	Puts-settlements JUL	Puts-settlements AUG
17000	1611	1638	1	28
17500	1120	1190	10	80
18000	668	801	58	191
18500	317	491	207	381
19000	111	272	501	662
19500	28	135	918	1025
20000	5	60	1395	1450

Estimated volume total, Calls 2 Puts 0
Previous day's open int. Calls 3 Puts 47

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

EUROPEAN OPTIONS EXCHANGE

[illegible]

A = Ask B = Bid C = Call P = Put

BASE LENDING RATES

Bank	%	Bank	%	Bank	%
ABN Bank	10	Citibank NA	10	Nat. Bk. of Kuwait	10
Adam & Company	10	City Merchants Bank	10	NatWestminster	10
AAB - Allied Arab Bk	10	Clydesdale Bank	10	Northern Bank Ltd	10
Allied Irish Bank	10	Comm.Bk.N.East	10	Norwich Gen. Trust	10
Henry Ansbacher	10	Co-operative Bank	*9½	Provincial Bank PLC	11
ANZ Banking Group	10	Coutts & Co	10	R. Raphael & Sons	10
Associates Cap Corp	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
Authority Bank	10	Dunbar Bank PLC	10	Royal Bk of Scotland	10
B & C Merchant Bank	10	Duncan Lawrie	10	Royal Trust Bank	10
Banco de Bilbao	10	Equatorial Bank plc	10	Smith & Williamson Secs.	10
Bank Hapoalim	10	Exeter Trust Ltd	10½	Standard Chartered	10
Bank Leumi (UK)	9	Financial & Gen. Sec	10	TSB	9½
Bank Credit & Comm	10	First National Bank Plc	10	UDT Mortgage Exp	§9.4
Bank of Cyprus	10	● Robert Fleming & Co.	10	United Bk of Kuwait	10
Bank of Ireland	10	Robert Fraser & Ptnrs.	11	United Mizrahi Bank	10
Bank of India	10	Girobank	10	Unity Trust Bank Plc	10
Bank of Scotland	10	Grindlays Bank	10	Western Trust	10
Banque Belge Ltd	10	● Guinness Mahon	10	Westpac Bank Corp.	10
Barclays Bank	10	HFC Bank plc	10	Whiteaway Laidlaw	10½
Benchmark Bank PLC	10	● Hambros Bank	10	Yorkshire Bank	10
Berliner Bank AG	10	Heritable & Gen Inv Bk	10		
Brit. Bk of Mid East	10	● Hill Samuel	§10		
● Brown Shipley	10	C. Hoare & Co.	10		
Business Mtge Tst.	10	Hongkong & Shangh	10		
Cl. Bank Nederland	10	Lloyds Bank	10		
Central Capital	10	Meghraj Bank Ltd	10		
● Charterhouse Bank	10	Midland Bank	10		
		Mount Bnkg Corp.	10		

● Members of British Merchant Banking & Securities Houses Association. * 7 day deposits 4.38% Savewise 7.16%. Top Tier-£10,000+ instant access 9.0% § Mortgage base rate. § Demand deposit 5.0%. Mortgage 9.125% - 9.5%

MONEY MARKETS

Pressure for base rate rise subsides

STERLING'S FIRMER trend has reduced the pressure for another rise in base rates, at least for the time being. Currency trends suggest thet demand for the pound is likely to remain, up until the release of US trade figures next week, so dealers argued yesterday.

That said, the authorities will be keen to avoid a speculative build up of overseas funds in sterling, because any downward pressure on UK rates - resulting from a higher pound - would run contrary to the Treasury's recent efforts to contain inflationary pressures through higher interest rates.

UK clearing bank base lending rate 10 per cent from July 4

Three-month interbank money was unchanged from Tuesday at 10⅛-10 p.c., as was the one year rate at 10⅞-10¾ p.c. Overnight money was quoted at 9¾ p.c. at the start but fell away in late trading to 6 p.c.

The Bank of England forecast a flat position in the money market. Bills maturing in official hands and repayment of any late assistance, together with a take up of Treasury bills drained £208m, and a rise in the note circulation accounted for an additional £120m. These were more or less offset by Exchequer transactions which added £290m, and banks' balances brought forward £50m above target.

There was no intervention by the Bank during the morning or afternoon.

Interest rates in Frankfurt were mostly firmer, as an expiring sale and repurchase agreement drained DM15.7bn from the system. Short term money was quoted as high as 4.5 p.c. compared with 4.1 p.c. on Tuesday.

Commercial banks' minimum reserve holdings with the Bundesbank were boosted by Monday's allocation of DM20bn of fresh funds through the authorities' latest sale and repurchase facility. However the average amount on deposit was likely to decline, dealers argued, because of continued intervention by the Bundesbank in currency markets, buying D-Marks and selling dollars.

A further DM13.1bn leaves the market next week as another repurchase agreement matures. Dealers are hoping that the Bundesbank will make a generous allocation at the next sale and repurchase tender to offset this.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

International Trusts					
Amer Spec Sits	5	63 40	63 40	67 52	+0 04	1.47
European Growth	5	18.36	18.36	19.55	+0 02	1.28
International	5	92.83	92.83	98 86	+0 8	1 00
Japan	5	138.6	138.6	147.6	-0.9	0.01
Pacific	5	220 0	220 0xd	234.3	+1.5	0.20
Secs of America	5	190 0	190.0xd	202.3	+1 0	1.00
W'wide Asset Val	5	26.68	26.68	28 41	+0.05	1.06
Specialist Trusts						
Asset Value	5	319 6	322.4xd	343 3	-1 6	2.90
Conv & Gilt	5	39 60	40.17	42.77	+0 12	5.03
Smaller Co's	5	170.3	170.3xd	181.3	+0 6	2.25
2nd Smaller Co's	5	194.9	194.9	207 5	+0.2	1 90
Recovery	5	101.5	101.5	108 0	+0.8	2.89
Met Min & C'dty	5	112.3	112.3	119.58	+0 9	1.39
O'seas Earnings	5	210.2	210.2xd	223.8	+1.4	3.13
Technology	5	89 09	89 09	94 88	-0.72	1.36
UK Special Sits	5	263.1	263.1	280.2	+2.2	2.58

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 01-493 8111

Progressive Inc	5	£15.58	£15 90	16.78	—	1.26
Progressive Acc	5	£21 87	£22.31	23.55	—	1.26
International Inc	5	£16.22	£16.22	17 12	-0 03	1.68
International Acc	5	£20 12	£20.12	21.21	-0 04	1 68
Can & Foreign Inc	5	185.8	185 8	196.1	—	0 93
Can & Foreign Acc	5	207.1	207 1	218 6	—	0 95
Special Sits Inc	5	162.7	162.1	172 2	—	2.39
Special Sits Acc	5	162.7	162.7	172.2	—	2.39

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 01-248 4400

Brewin Capital	5½	183.1	194.2xd	206.5	—	1.52
Brewin Dividend	5½	98.37	102.9	109 4	—	5 71
Brewin Int Gth Inc	5½	208.3	218.9xd	232.8	—	3.52

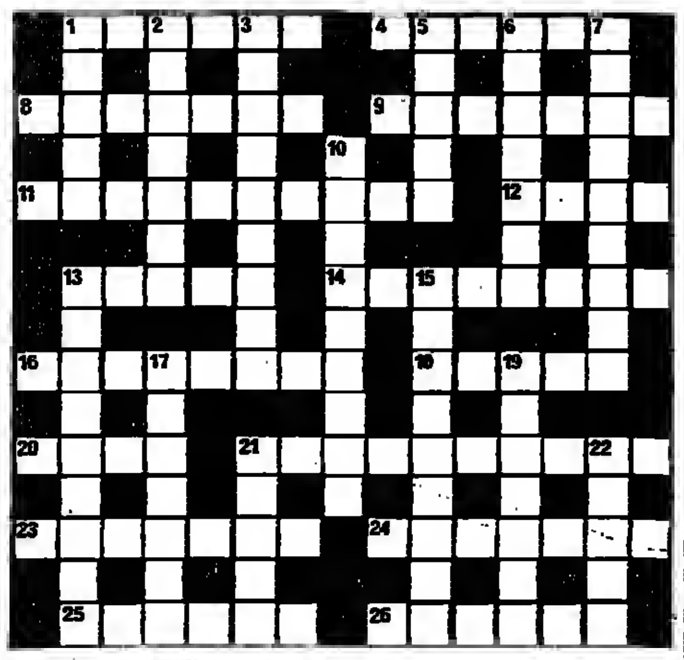
I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W 0BD
Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO

FT 30	FTSE 100	WALL STREET
Jul. 1484/1493 -4	Jul. 1858/1868 -N/C	Jul. 2156/2168 -4
Sep. 1487/1496 -2	Sep. 1862/1872 +2	Sep. 2164/2170 -4

Prices taken at 5pm and change is from previous close at 9pm

JOTTER PAD

FT CROSSWORD No.6,675
SET BY VIXEN



ACROSS
1 Rather fat and heartless boy going after fish (6)
4 Dog required for university man's place (6)
8 Like a hundred in hand? Quite right! (7)
9 Check a note on a poet's work (7)
11 Decides mitres need adjustment (10)
12 Young women turning over waste material (4)
13 The artist met no models (5)
14 Hint about intention with some hesitation (8)
16 Allows a little entertainment - it lessens tension (8)
18 Commanding gun carrying soldiers (5)
20 The company go for the Scotch! (4)
21 Cracking pace is set by heel, an expert (10)
23 Letter from Greece the board finds inconsistent (7)
24 A building worker goes about very quietly, but he drinks heavily (7)
25 The number of the Spanish flat (6)
26 Keen painter backed before the depression (6)

DOWN
2 The pawnbroker having an odious appearance (7)
3 Teams able to get into the lead possibly (4,5)
5 To take a chance in mid-season is helpful (5)
6 Comes down on a member of the family (7)
7 Will try accepting gentle direction (9)
10 Used Trent resources properly as committed (9)
13 Great painting? Far from it! (9)
15 This is responsible for the apparent increase (9)
17 He shows no appreciation where a log fire's provided (7)
19 "Slips of yew sliver'd in the moon's ——" (Macbeth) (7)
21 Reserve about a pound for medication (5)
22 The good man receiving very little is a sucker! (5)

Solution to Puzzle No.6,674

Do (Accum)	5	54 94	54.09	57.36	+0.59	0.70
Income	5	331.23	331.23	352.37	+1 03	4.55
Do (Accum)	5	696.25	696.25	740 69	+2.17	4.50
Intl Technology	5	188.66	188.66	200.70	+0.34	0.31
Do (Accum)	5	198.35	198.35	211.01	+0.36	0.31
Japan Growth	5	109.94	103.09	100.45	+1.97	0.01
Do (Accum)	5	103.45	103.45	109.64	+1.97	0.01
Master Trust	5	42.06	41.06xd	43.68	+0.28	1.33
Do (Accum)	5	41.82	41.82xd	44 40	+0.27	1.33
N American & Gen	5	110.74	111.32	118.43	+0.63	1.26
Do (Accum)	5	121.59	122.22	130.00	+0.68	1.26
N Am Sm Cos & Rec	5	58.82	50.35	63 14	+0.22	0.01
Do (Accum)	5	58.82	50.35	63.14	+0.22	0.01
Pacific Basin	5	158.02	158.02	168.18	+0.57	0.01
Do (Accum)	5	165 60	165 60	176.17	+0.60	0.01
Small Cos & Recy	5	282.92	288.91	307.36	+0.32	1.93
Do (Accum)	5	325 78	332.69	353.93	+0.36	1.93
UK Growth	5	57.57	57.57xd	91.24	+0.04	2.26
Do (Accum)	5	59 40	59.40xd	63.19	+0.05	2.26
Worldwide Grth	5	192.88	192.88xd	205.19	+0 41	0.59
Do (Accum)	5	274 08	274.08xd	291.57	+0.57	0.59

Universal Energy	5¼	58.10	58.10	61.74	-1.36	3.01
World Technology	5¼	37.84	37.84	40.21	+0.02	0.47
Overseas Growth Funds						
American Growth	5¼	88.79	88.92	94.92	+0.30	1.63
US Smaller Co's	5¼	61.35	62.32xd	66.22	+0.52	0.00
(Accum Units)	5¼	62.00	62.98	66.92	+0.53	0.00
Australian Growth	5¼	44.58	44.58	47 37	+0.58	2.94
Drayton Japan	5¼	50.96	50.96	53 63	+0.36	0.00
Europe Perf	5¼	68.52	69.24	72.57	+0 99	0.78
(Accum Units)	5¼	68.70	69.43	73.77	+0.99	0.77
Euro Smaller Cos	5¼	12.04	12.04	12.80	-0 04	1.39
Far East	5¼	66 28	66.28	70.42	+0.13	0 00
French Growth	5¼	37.04	37.04	50.35	+0.31	0.38
Accum Units	5¼	37.21	37.21	50.60	+0.32	0 37
Hong Kong	5¼	23.29	23.41	24 87	+0.50	1.54
Intl Growth	5¼	37.77	37 77	40 13	+0.28	1.64
Intl Recovery	5¼	111.9	111.9	118.9	+0.2	0.67
Japan Perf	5¼	97.68	99.42xd	105 6	+2.4	0.00
Accum Units	5¼	97 68	44.42	105.6	+2.4	0.00
Japan Smaller Cos	5¼	24.01	29.47	26.00	+0.36	0.00
Singapore ASEAN	5¼	30.71	50 44	32.93	+0.58	0.61

GUIDE TO UNIT TRUST PRICING

The data included under the Authorised section of the FT Unit Trust information pages is being expanded to improve the service to readers and to conform with new legislation.

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ▼ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ▲ - 1401 to 1700 hours; ● - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that prices are set on a historic basis. This means that, unless there has been an intervening portfolio revaluation, investors can normally buy and sell units today at the prices appearing in the newspaper which have been set on the basis of yesterday's asset value.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

Other explanatory notes are contained in the last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

	Bid Price	Offer Price	+ or −	Yield Gross
AA Friendly Society				
Guardian Mngt M & G Inv Mngt Ltd				
AA Friendly Sy Jun 10	—	139.4	.....	—
Abbey Life Assurance Co Ltd				
80 Holdenhurst Road, Bournemouth 0202 292373				
Prop. Ser. 1	241.8	254.6	—	—
Equity Ser. 1	116.3	121.5	+0.6	—
Prop. Acc. Ser 2	350.1	368.6	—	—
Equity Ser 2	132.1	139.7	+0.7	—
Selective Acc	285.1	300.2	+0.8	—
Prop. Ser. 4	275.5	290.1	—	—
Equity Ser. 4	134.1	141.2	+0.6	—
Fixed Int. Ser. 4	210.5	221.7	+1.2	—
Indexed Inv. Ser 4	120.5	126.3	+0.2	—
American Ser 4	267.0	281.1	—	—
High Inc. Ser. 4	377.3	397.2	+0.2	—
Japan Ser 4	273.6	288.0	+0.9	—
Man. Ser. 4	374.4	394.2	+1.2	—
Money Ser. 4	216.3	227.7	—	—
European Ser 4	93.7	98.7	+0.8	—
Pension Funds				
Property	464.9	489.4	—	—
Equity	957.5	1007.9	−0.3	—
Selective	303.7	319.7	+0.9	—
Managed	683.5	719.5	+3.1	—
Security	396.2	417.1	—	—
Fixed Int.	234.9	247.3	+1.3	—
European	129.0	135.8	+1.6	—
American	221.2	232.9	−0.1	—
Japan	292.0	307.4	+1.3	—
Indexed	127.7	134.5	+0.1	—
International	146.3	154.1	−0.4	—
Ethical	102.1	107.5	−0.1	—
High Income	100.6	105.9	—	—
Abtrust Management Ltd				
20, Chiswell St, London, EC1Y 4TY 01-374 6801				

	Bid Price	Offer Price	+ or −	Yield Gross
British National Financial Services				
Perrymount Road, Haywards Heath 0444 414211				
Managed	219.6	231.1	—	—
International	241.6	254.4	—	—
Property	262.8	276.6	—	—
Equity	317.3	334.1	—	—
New Technology	155.8	164.0	—	—
American	97.6	102.8	—	—
Orient	103.8	109.3	—	—
European	81.2	85.5	—	—
Fixed Interest	161.7	170.2	—	—
Deposit	132.6	139.6	—	—
Managed Series 2	218.7	230.2	—	—
International Series 2	239.4	252.0	—	—
Equity Series 2	317.6	334.4	—	—
Managed Pension Accum	284.6	299.6	—	—
Managed Pension Cap	201.5	212.1	—	—
Property Pens Accum	348.6	367.1	—	—
Property Pens Cap	247.9	260.9	—	—
Equity Pensions Accum	413.7	435.5	—	—
Equity Pensions Cap	294.0	309.5	—	—
New Tech Pens Accum	176.5	185.8	—	—
New Tech Pens Cap	137.7	145.0	—	—
Intl Pens Accum	332.2	349.7	—	—
Intl Pens Cap	236.1	248.5	—	—
Fixed Int Pens Accum	193.7	203.4	—	—
Fixed Int Pens Cap	137.6	144.9	—	—
Savory M Sclarty Mngd	154.0	162.1	—	—
Oldfield Sclarty Mngd	147.8	155.6	—	—
Anglian Fund	93.8	98.7	—	—
Celebration Fund	78.4	—	—	—
CCL Assurance Ltd (1180)F				
74 Shepherds Bush Green, W12 8SD 01-740 7070				
Life Funds				

OTHER UK UNIT TRUSTS

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

	Bid Price	Offer Price	+ or −	Yield Gross
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd N, Waterloo, Liverpool 051-928 6655				
Managed Fund	269.5	283.7	+0.4	—
Man Pens Inc & Cap Fds	345.3	363.5	+0.6	—
Money Fund	115.0	119.0	+0.1	—
Pens Mngd Fd (Unit)	91.9	96.4	+1.5	—
Pens Mngd Fd (Acc)	104.9	110.3	+1.8	—
Pens FT30 Fd (Unit)	129.3	136.4	+0.6	—
Pens FT30 Fd (Acc)	148.6	156.5	+0.9	—
Pens O'seas MgFd(Unit)	60.3	63.3	+0.3	—
Pens O'seas MgFd(Acc)	69.2	72.9	+0.7	—
Pens Fxd Int Fd (Unit)	102.7	100.2	−3.6	—
Pens Fxd Int Fd (Acc)	117.0	124.0	−4.2	—
Pens Deposit Fd (Unit)	101.5	106.9	—	—
Pens Deposit Fd (Acc)	116.4	122.6	+0.1	—
Premium Life Assurance Co Ltd				
37-39, Perrymount Road Haywards Heath 0444 458721				
American	101.0	107.0	—	—
Building Soc. Fd	162.d	171.0	—	—
Balanced	246.0	259.0	+1.0	—
Deposit	161.0	170.0	—	—
European	130.0	137.0	—	—
GT Managed	154.0	163.0	+1.0	—
Gartmore Mngd	101.0	109.0	+1.0	—
German	93.0	98.0	−1.0	—
Gilt	169.0	178.0	+1.0	—
High Inc.	114.0	120.0	—	—
International Equity	158.0	167.0	—	—
Japan	220.0	232.0	+1.0	—
Managed	55.0	58.0	—	—
Property	258.0	272.0	—	—
R. W. Imperial Gold	132.0	139.0	—	—
UK Equity	323.0	340.0	+1.0	—
Pension Funds				
American	128.0	135.0	—	—
Building Soc. Fd	153.0	162.0	—	—
Balanced	188.0	198.0	—	—
Deposit	151.0	159.0	—	—
European	125.0	132.0	—	—
GT Managed	164.0	173.0	—	—
Gartmore Mngd	99.0	105.0	—	—
German	87.0	92.0	—	—
Gilt	141.0	149.0	—	—
International Equity	117.0	124.0	—	—
Japan	130.0	137.d	—	—

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Assurance Co				
Holborn Bars, London EC1B 2NB 01-405 9222				
Prufund				
Managed July 6	207.1	215.6	+1.1	—
Prudential Holborn Life Ltd				
50 Old Burlington St, London W1X 1LB 01-439 3134				
Managed Fd	440.2	463.4	+0.8	—
Equity Fd	895.0	942.2	+6.2	—
Intnl Fd	311.0	327.4	+1.0	—
Fixed Int Fd	363.7	382.9	+1.6	—
Prop Fd	333.2	350.0	+2.0	—
Cash Fd	237.0	250.4	−0.1	—
Pacific Basin Fd	174.6	183.0	+0.0	—
North American Fd	127.9	134.7	+0.7	—
European Fd	131.1	138.1	+0.3	—
Holborn Balanced Gwth Fd	102.6	108.0	+0.5	—
Holborn Strategic Gwth Fd	101.3	106.7	+0.4	—
Prudential Holborn Pensions Ltd				
30 Old Burlington St, London W1X 1LB 01-439 3134				
Managed	481.6	507.0	+2.5	—
Equity	696.4	733.1	+5.1	—
Global Equity	199.7	210.3	+0.3	—
Fixed Interest	376.4	396.3	−0.9	—
Property	324.9	342.0	+0.6	—
Cash	141.3	148.8	—	—
Index Linked Gilt	166.4	175.2	−0.2	—
Guaranteed	9.62	10.35	+0.06	—
International Money	186.0	195.0	−0.5	—
North American Fd	58.2	61.3	+0.3	—
Japanese Fund	120.0	126.4	+1.4	—
European Fund	71.0	75.6	+0.1	—
Special Situations Fd	99.4	104.7	+0.7	—
Communications Fund	85.1	84.6	+0.1	—
Smaller Cos Fund	100.2	105.5	+0.4	—
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-405 9222				
Discretry June 29	£128.52	132.21	—	—
Equity Fund June 29	£140.29	144.53	—	—
Intntl Fund June 29	£21.25	21.95	—	—
Intl Bond Fd June 29	£10.85	1d.99	—	—
Fixed Int June 29	£67.71	68.62	—	—
Index Linked June 29	£52.31	53.16	—	—
Property Fund Jun 29	£87.39	92.11	—	—

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

UK LISTED

[illegible]

OFFSHORE INSURANCES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

1988 High	Low	Stock	Price £	+ or -	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99¼	83[illegible]	Redemption 3pc 1986-96	99	.....	3.03	7.08
100¼	99[illegible]	Treas. 9½pc '88	99[illegible]	+[illegible]	9.52	10.01
102¼	100[illegible]	Treas 11½pc 1989	100¾	+[illegible]	11.40	9.94
101[illegible]	99[illegible]	Treas 9½pc Cnv 1989	99¾	.....	9.52	9.80
97¾	95[illegible]	Treas 3pc 1989	97¼	.....	3.09	6.51
102[illegible]	100[illegible]	Treas 10½pc 1989	100[illegible]	.....	10.44	9.81
102	100	Exch 10pc 1989	100[illegible]	+[illegible]	9.98	9.83
103[illegible]	101	Exch 11pc 1989	101[illegible]	-[illegible]	10.87	9.88
97[illegible]	95[illegible]	Treas 5pc 1986-89	96[illegible]	+[illegible]	5.19	8.02
104[illegible]	100½	Exch 10¼pc Cv '89	100[illegible]	-[illegible]	10.17	9.57
107½	104[illegible]	Treas 13pc 1990‡‡	104½xd	-[illegible]	12.46	9.81
104¾	101¼	Exch 11pc 1990‡‡	101[illegible]xd	+[illegible]	10.82	9.85
107[illegible]	103[illegible]	Exch. 12½pc 1990	104[illegible]	-[illegible]	12.02	9.87
93¾	91[illegible]	Treas. 3pc 1990	92[illegible]	-[illegible]	3.255	7.48
99¾	97¼	Treas 8¼pc 1987-90‡‡	97[illegible]	+[illegible]	8.43	9.47
102¼	97½	Treas. 8pc Cv 1990‡‡	98[illegible]xd	+[illegible]	8.15	9.02
103[illegible]	99[illegible]	Treas. 10pc Cv 1990	100[illegible]	+[illegible]	9.98	9.86
91[illegible]	88[illegible]	Exch 2½pc 1990	89[illegible]	+[illegible]	2.78	7.20
107¾	103¼	Treas 11¾pc 1991	104[illegible]xd	+[illegible]	11.29	9.87
95[illegible]	92¾	Funding 5¾pc '87-91‡‡	93[illegible]	+[illegible]	6.17	8.58
90[illegible]	87[illegible]	Treas. 3pc 1991	88[illegible]	+[illegible]	3.38	7.43
105[illegible]	100¾	Treas 10pc Cv '91‡‡	100¾xd	-¼	9.92	9.67
107[illegible]	102[illegible]	Exch. 11pc 1991	103[illegible]	-[illegible]	10.66	9.83
98[illegible]	94[illegible]	Treas. 8pc 1991	95[illegible]	+[illegible]	8.42	9.72
113[illegible]	108¼	Treas 12¾pc 1992‡‡	108[illegible]xd	-[illegible]	11.72	9.76
104[illegible]	100[illegible]	Treas 10pc 1992	100[illegible]	-[illegible]	9.93	9.74
98[illegible]	94[illegible]	Treas. 8pc 1992‡‡	94[illegible]	-[illegible]	[illegible]	9.65
106¼	101[illegible]	Treas 10½pc Cv 1992‡‡	102¼	-¼	[illegible]	9.76
86[illegible]	83[illegible]	Treas. 3pc 1992	84½	-[illegible]	[illegible]	7.66
112[illegible]	107[illegible]	Exch. 12¼pc '92	108[illegible]	-[illegible]	[illegible]	9.83
117[illegible]	111[illegible]	Exch 13½pc 1992	112[illegible]	.....	[illegible]	9.86
97[illegible]	93[illegible]	Treas 8¼pc 1993	94½	-[illegible]	[illegible]	9.74
105[illegible]	100[illegible]	Treas 10pc 1993‡‡	101[illegible]	-[illegible]	[illegible]	9.72

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

LONDON SHARE SERVICE

AMERICANS—Contd

CANADIANS

1988 High	Low	Stock	Price	+ or −	Div Gross	C'vr	Y'ld Gr's
12p	11p	♥Abbot Energy Corp.	26p	......	–	–	–
10¼	990p	♥Amer. Barrick Res.	12	......	–	–	–
10p	3½p	American Lightwave	5p	−1	–	–	–
47p	18½p	♥Armeno	24p	......	–	–	–
76p	45p	Augmitto Expln.	65p	−5	–	–	–
13½	10⅝	Bk. Montreal ‖	15½	......	$2.00	–	7.2
676p	514p	Bk. Nova Scot. ‖	674p	+2	76c	–	5.5
18¼	15¼	BCE ‖	17¾	−⅛	$2.44	–	6.6
716p	591p	♥Bow Valley ‖	680p	−4	♦40c	–	2.9
13¼	10½	♥Brascan ‖	13⅛	+⅛	88c	–	3.3
328p	189p	♥Breakwater Res.	271p	......	10c	–	1.8
11⅝	801p	Can. Imp Bank ‖	11⅝	......	$1.16	–	4.9
11½	841p	Can. Pacific ‖	11½	+⅛	60c	–	2.5
41½	40	Do. 4pc Deb £100	40½	......	4%	–	9.9
509p	362p	Central Capital "A" ‖	586p	+3	–	–	–
465p	449p	♥Corona Corp.	465p	......	–	–	–
886p	288p	Cons. TVX Min	422p	−14	–	–	–
295p	76p	Danbus Res.	295p	......	–	–	–
606p	430p	Derlan Inds.	606p	......	11.75c	–	0.9
14½	984p	♥Echo Bay Mines	12⅛	+⅛	14c	–	0.6
40p	26p	Energex Minerals	35p	......	–	–	–
107p	83p	Euro-Asia Capital Ltd.	101p	+2	–	–	–
382p	222p	♥Galactic Resources	380p	......	–	–	–
125p	99p	♥Geodome Res.	112p	......	–	–	–
394p	206p	Granges Expln ‖	247p	−13	–	–	–
16½p	8½p	♥Gt Pacific Res.	9½p	......	–	–	–
903p	652p	♥Gulf Canada ‖	860p	−5	52c	–	2.9
12	816p	♥Hawker Sid Can ‖	12	+⅛	$1.08	–	4.4
588p	344p	Healys Group	460p	......	–	–	–
957p	785p	♥Hudson's Bay ‖	896p	−9	60c	–	3.3
27½	22⅞	♥Imperial Oil ‖	26¼	+⅛	$1.80	–	3.3
20¼	10¼	Inco ‖	20¼	+⅛	US$0.80	–	2.3

For Int'l. Corona Res., Lacana Mining and Royex Gold Min. see Corona Corp.

1988 High	Low	Stock	Price	+ or −	Div Gross	C'vr	Y'ld Gr's
718p	462p	♥Inland Nat. Gas $1	584p	+5	60c	–	3.0
250p	150p	Madeleine Mines	214p	......	–	–	–
189p	126p	♥Muscocho Expln.	188p	+1	–	–	–
187p	75p	♥Ntnl Business Syst. ‖	114p	−1	–	–	–
237p	110p	♥Nevada Goldfields	196p	......	–	–	–
12	787p	♥Rio Algom	11⅛	−⅛	$1.30	–	3.6
15½	11½	Royal Bk. Can. ‖	15½	......	$2.08	–	6.5
33⅝	26⅝	Seagram ‖	33⅝	+⅛	US$1.20	–	2.1
361p	178p	♥Sonora Gold Corp ‖	188p	−6	–	–	–
73p	18p	Spiral Eng.	65p	−7	–	–	–
150p	35p	Taro Pure Tech. Corp. ‖	135p	−8	–	–	–
15⅝	11⅛	Toronto-Dom. Bk ‖	15½	+⅛	$1.12	–	3.5
64p	14p	♥Trans Atlantic Res ‖	24p	......	–	–	–
684p	566p	♥Trans Can Pipe.	668p	−16	68c	–	5.0
205p	127p	Varity Corp ‖	197p	−4	B–	–	–

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

For Acsis see Paper, Printing, Advertising

DRAPERY AND STORES—Contd

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

LEISURE

صورة من الأصل

هكذا من الأصل

LONDON SHARE SERVICE

LEISURE—Contd

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING—Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- n Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ● Merger bid or reorganisation in progress
- ¤ Not comparable
- ♦ Same interim: reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock a Annualised dividend b Figures based on prospectus or other offer estimate c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures s Dividend and yield exclude a special payment t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986 K Dividend and yield based on prospectus or other official estimates for 1987-88 L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p ... γ	78	.....
Craig & Rose £1... γ	700	.....
Finlay Pkg 5p.... γ	65	.....
Holt (Jos) 25p..... γ	£11¼	.....

IRISH

Nat 9¾% 84/89..	£100¼	.....
9x Cap Ln 1995 .	£93¼	.....
Fin. 11% 97/02..	£119	.....
Arnotts......... γ	380	.....
CPI Hldgs......... γ	120	.....
Carrol Inds......... γ	147	-3
Hall (R. & H.)......	162	.....
Heiton Hldgs...... γ	52	.....
Irish Ropes........ γ	165	.....
Unidare........... γ	425	+5

TRADITIONAL OPTIONS
3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	36
BOC Grp	35
BSR	8
BTR	22
Barclays	35
Beecham	42
Blue Circle	36
Boots	19
Bowaters	33
Brit Aerospace	35
Brit. Telecom	22
Burton Ord	21
Cadburys	32
Charter Cons	30
Comm Union	34
Courtaulds	34
FKI Babcock	12
FNFC	25
Gen Accident	35
GEC	13
Glaxo	85
Grand Met	45
GUS 'A'	95
Guardian	85
GKN	29
Hanson	12
Hawker Sidd	48
ICI	72
Jaguar	25
Ladbroke	33
Legal & Gen	25
Lex Service	23
Lloyds Bank	26
Lucas Inds	50
Marks & Spencer	17
Midland Bk	37
Morgan Grenfell	30
NEI	10
Nat West Bk	52
P & O Dfd	52
Plessey	16
Polly Peck	38
Racal Elect	32
RHM	30
Rank Org Ord	64
Reed Intnl	36
STC	24
Sears	11
TI	28
TSB	9
Tesco	14
Thorn EMI	60
Trust Houses	21
T&N	17
Unilever	42
Vickers	14
Wellcome	45

Property	
Brit Land	30
Land Securities	52
MEPC	52
Peachey	50

Oils	
Brit. Gas	15
Brit Petroleum	24
Burmah Oil	50
Charterhall	3
LASMO	48
Premier	7½
Shell	95
Ultramar	26

Mines	
Cons Gold	95
Lonrho	20
RTZ	35

A selection of Options traded is given on the London Stock Exchange Report Page

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £948 per annum for each security.

LONDON STOCK EXCHANGE

Account Dealing Dates			
*First Dealings	Option Declarations	Last Dealings	Account Day
Jun 20	Jun 30	Jul 1	Jul 11
Jul 4	Jul 14	Jul 15	Jul 25
Jul 18	Jul 28	Jul 29	Aug 8

*New time dealings may take place from 9.00 am two business days earlier.

Equities advance as interest rate worries recede while Gilts trade erratically

THE UK stock market continued to move higher in good trading yesterday as the strength of the pound appeared to reduce the chances of another early rise in domestic interest rates. Encouraged also by the overnight strength of Wall Street, the international blue chips moved higher as the session progressed, with Shell responding vigorously to advances in major oil shares in New York. Domestic issues were again featured by speculative situations, although there were evident attempts to sell into the market rally towards the close of the session.

Wall Street's buoyancy since returning from the Independence Day break to assess the implications of the downing of an Iranian airliner by a US warship has been an encouraging factor for the UK markets. Although Wall Street was trading quietly as London closed last night, there was good support for US-favoured stocks, in particular for Hanson and Shell.

Government bonds tried to follow the pound higher, but were tripped up by profit-takers, who moved in towards the close to leave prices with falls of ⅛ or so. Traders described the Gilts market as "slightly artificial", with prices moving erratically in response to technical strains in a market still unsure of the immediate outlook for UK interest rates.

The FT-SE 100 Index closed at the day's best level, with a net *gain of 15.2 at 1870.0. Seaq turn*over of 500.2m shares, the best for some days, reflected widespread support, featured by heavy turnover among North Sea oil shares, where London & Scottish Marine Oil (LASMO) and Enterprise Oil captured attention.

Also in the centre of the stage were the food stocks, where Dalgety traded heavily after reports that a 3.6 per cent stake had been acquired by Hillsdown Holdings, the UK foods and furniture group.

The market stood up well to a minor "sell" programme which was operated among the store and consumer issues towards the end of the day. With the exception of GUS "A" shares, still dull at the close, store shares quickly recovered from the late afternoon selling spurt.

The bond market opened with a sell-off which took the long dates down by about ⅜. However, it appeared that the selling came only from the speculative end of the trader range. The institutions held firmly on to their stock, and prices were suddenly moved upwards as some traders were forced to buy stock to meet previous selling commitments.

At the best of the day, bonds were a net ¼ up, but at this stage, with the institutions as unwilling to buy as they had been to sell, prices turned off again smartly as some nimble-footed dealers took profits. The day closed with the short dated stocks little changed on the day, *but losses ranging from ⅛ to ⅝ as* the range extended.

Harris Queensway jumped 6 to 182p on turnover of 30m as James Gulliver finally produced his expected knockout bid in the shape of a 190p per share offer through a new company, Lowndes. The bid effectively values Harris Queensway at £450m, enough to persuade both Sir Phil Harris and GUS, the two biggest shareholders, to accept the takeover terms. The Lowndes offer comes in the form of half cash, and half shares, once a listing for Lowndes has been secured. "It's now all a matter of whether the market likes Lowndes," said one dealer.

Blue Circle Industries came to life yesterday, particularly in late dealings, amid a flurry of speculative activity. Demand was aroused by rumours of a dawn raid today. Hanson, which yesterday announced the sale of HP, Daddies and Lea and Perrins sauces to the the French Group BSN for £199m, was quickly put into the frame by speculators as a possible predator.

Dealings in BCI expanded noticeably (some 1.8m shares were traded) with the price moving ahead strongly to 447p before closing a shade below the best at 444p, a rise of 15 on the day.

Meanwhile, Hanson traded strongly, with turnover recovering after a quiet morning to 17m shares as US interest returned. Dealers said the sale to BSN had gone through at an excellent price and Hanson was marked up to 144½p at the close.

Dalgety surged 18 to 348p in early trading after a Press report that Hillsdown Holdings had built up a 3.6 per cent stake. Hillsdown shares fell 4 to 285p as dealers pondered its intentions, while Mr Harry Solomon, Hillsdown chairman, said, "I am unable to comment on market rumours".

As the day wore on, dealers became sceptical and marked Dalgety down. One said that although Hillsdown was thought to have a holding in Dalgety, it was much less than 3.6 per cent and did not signal an intention to bid. The shares ended at 334p, a gain of just 4. Pleasurama responded to bid speculation on Monday with a gain of 7 to 219p in steady trading. The shares touched 225p before profit-taking set in · dealers said this was to be expected after the rise from 175p over the last three Accounts.

Suggestions that Rank Organisation was considering a bid gave way to speculation that Pleasurama might sell the company's casino side, possibly to management, leaving the other operations vulnerable to a bid. Several sources mentioned the possibility that Mecca Leisure might lead a consortium in a bid for the company minus its casino arm.

LASMO were the talk of the market and raced up to 475p early on amid stories that a statement on the RTZ stake in the group was imminent and that British Gas was about to launch a 600p a share bid for the group. A bout of profit-taking emerged, however, and LASMO shares dipped off to 468p before staging a late run to 473p, up 14 on the session. British Gas were well bid and settled 2 harder at 183p *on turnover of 8.3m.*

Traders remained convinced that a bid or merger involving LASMO will take place within the next couple of months. Turnover in LASMO reached 13m shares, by far the heaviest single day's business ever recorded in the stock.

Other oil and gas stocks made rapid progress as crude oil prices advanced in the wake of stories that three OPEC members are calling for an emergency meeting of the price committee. There was another big business in BP where the "old" moved up 8 to 263p on turnover of 4.8m and the "new" *4 to 63¼ on turnover* of 9.7m, thereby reducing the disparity between the two classes. Shell came in for sustained US buying interest which lifted the shares 20 to 1049p on turnover of 1.3m.

The market continued to rack its brains over the huge deal transacted in Plessey options by Citicorp Scrimgeour Vickers at the close of trading on Tuesday. The deal, which involved 15,000 option contracts, representing 2 per cent of the Plessey equity, comprised a switch of 10,000 contracts between August 130 and 140 Calls and the writing of a 5,000 Put 140 option. Scrimgeour, which described the deal as "technical and neutral in market implication", took 7,500 of the contracts on its own book, raising the total deal to 22,500 contracts.

International stocks failed to lead the market until Wall Street opened, after which they moved higher in response to the steady US mood. Gains were limited by the strength of the pound and marketmakers reported relatively low turnover in many of the leading stocks. Beecham was the best performer, rising 8 to 472p as 2.3m shares changed hands, mostly before lunch.

Fisons ticked 2 better to 264p in turnover of 1.2m and Glaxo rose a similar amount to 986p. Reckitt & Coleman improved 11 to 946p as dealers reported a slight shortage of stock in limited buying interest.

Speculators returned to the life assurance market, driving Legal & General a further 7 higher to 330p on turnover of 2.4m, still reflecting stories that a disclosable stake in the company is about to be announced. Prudential jumped 5 to 169p on turnover of 2.2m, still influenced by various switching operations.

The clearing banks made further good progress ahead of the interim reporting season which commences on July 26 with figures from NatWest; the latter were 11 firmer at 596p. Midland, reporting on July 27, were particularly sought after and moved up 8 to 448p.

Brewery stocks remained in miserable form, with Scottish & Newcastle suffering after Press comment on its results. The shares fell 7 to 321p, after 319p, in turnover of 1.4m.

Rover, the UK car group, moved up 12 to 74p on hopes that the BAe takeover deal will be approved by the European Commission. Dealings were temporarily suspended at that level at the request of the company pending an announcement. British Aerospace, however, closed 10 lower at 410p.

Johnson Matthey ended 3 cheaper at 387p, after touching 397p at one stage, as the market continued to speculate about an outright bid from Cookson which purchased a 6.3 per cent stake in the company earlier this week. Charter Consolidated, which has a 38 per cent stake in Johnson Matthey, eased 6 to 409p, but Cookson took a turn for the better and picked up 13 at 275p.

De La Rue, reflecting press comment on the group's subsidiary, Crosfield Electronics, advanced 15 to 441p.

The food sector drifted after the Harris news broke. Two small programme trades, by securities houses James Capel and Smith New Court, contributed to the drift, with Next, 4 points off at 244p, and Woolworth, 7 easier at 273p, hit the hardest.

Time Products continued its recent rise to close 15 higher on 239p on rumours that a Swiss watchmaker was poised to make a bid.

Another day of heavy activity in the electronics sector was highlighted by big two-way trade in GEC which held at 163p after turnover of 9.3m. Kleinwort Grieveson were again substantial buyers of the stock after re-iterating their "buy" recommendation. KG says a buy back of 15 per cent of GEC shares after the annual meeting "could result in an increase in earnings per share of an additional 5 per cant this year".

Turnover in Ferranti topped 7m and the shares edged up 2 to 87p on talk of imminent defence contract news.

British Telecom were a fraction off at 256p with traders confidently predicting that details of the OFTEL regulatory review will be announced today. A flurry of buying interest, particularly from Hoare Govett, lifted BSR 6 to 76p, after 77p.

Eurotherm remained a strong market, climbing 5 more to 381p ahead of interim results scheduled for July 18.

Dowty, reflecting talk of a possible contract for the Tornado aircraft, advanced 6 to 215p. Tex Holdings, still responding to the good preliminary figures, advanced 17 more to 195p for a two-day gain of 30, while Rotork firmed 6 to 204p on news that enquiries have revealed that Oceanside Investment hold a stake of approximately 3.5 per cent in the company.

Food stocks were uninspired, despite the activity in Dalgety. Cadbury Schweppes rose 4 to 400p, lifted by slight US interest, while Ranks Hovis McDougall nudged a penny higher to 411p in turnover of 2.9m shares. Northern Foods put on 7 to 307p after languishing in recent weeks, but Unigate was affected by the Dalgety rumour and only a late recovery contained its fall to 3 at 324p.

Apart from BCI, the Building sector was also featured by a fresh advance in Meyer, in the wake of a BZW buy recommendation with the shares advancing afresh to close 19 higher at 412p for a two-day gain of 27. Earlier this week, Meyer announced the management buy-out of Blacknell Buildings, but is retaining Blacknell's Farnborough site thought to be worth over £10m.

Priest Marians featured as chairman Simon Fussell continued to build up his share of the company's convertible stock to add to his near 30 per cent holding of ordinaries. Priest Marians closed at 408p, 13 points better on the day.

Elsewhere in the property sector the big developers again suffered from the market's bearish attitude to higher interest rates. Helical Bar firmed 11 on above-average turnover to 338p after rumours circulated that it was poised for a major property acquisition.

Tiphook, the container and trailer rental company, soared 32 to 393p after surprising the market with a threefold jump in after-tax profits to £9.78m, well above most analysts' forecasts.

Builder Group enjoyed a successful first day's trading. With only 4.8m shares on offer turnover was thin, but there was sufficient interest to push the price up to a close of 163p, a healthy premium of 38p against its placement and opening price of 125p.

After yesterday's record-breaking business the Traded Options market kept up the momentum to report 35,857 contracts, made up of 27,833 calls and 8,024 puts. Star performer was GEC with 6,433 calls and 103 puts. Most of this business was in July 180 and October 180 calls. Other popular stocks were British Gas, with 2,189 calls and 1,641 puts, Lasmo with 2,683 calls but only 422 puts, and Hanson, a perennial favourite, with 1,810 calls and 1,883 puts.

FINANCIAL TIMES STOCK INDICES

	July 6	July 5	July 4	July 1	June 30	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	88.08	88.17	87.54	87.82	87.92	90.72	91.43 (18/4)	86.47 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.42	97.36	97.24	97.53	97.56	97.26	98.47 (25/5)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1494.3	1485.3	1478.3	1485.1	1483.2	1827.2	1496.7 (22/6)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	214.7	213.5	213.1	208.4	207.2	391.8	312.5 (7/1)	205.4 (13/5)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.49	4.52	4.53	4.51	4.52	3.13				
Earnings Yld. % (full)	11.42	11.47	11.55	11.48	11.51	7.52				
P/E Ratio (net)(*)	10.66	10.61	10.54	10.60	10.57	16.40				
SEAQ Bargains (5pm)	26,340	23,376	23,821	29,412	24,045	31,118				
Equity Turnover (£m)	–	1067.52	873.58	1263.14	1146.05	1909.34				
Equity Bargains	–	23,404	24,877	30,345	25,494	64,718				
Shares Traded (mil)	–	373.6	371.5	498.7	432.9	879.4				

S.E. ACTIVITY Indices	July 5	July 4
Gilt Edged Bargains	196.0	175.1
Equity Bargains	131.6	141.2
Equity Value	2157.7	1765.7
5-Day average		
Gilt Edged Bargains	154.7	141.4
Equity Bargains	136.2	172.4
Equity Value	2125.9	2052.6

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1492.7	1491.5	1492.1	1492.3	1492.0	1491.1	1491.8	1490.3

Day's High 1494.8 Day's low 1488.7

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.56.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

Traditional Options

- First dealings June 27
- Last dealings July 8
- Last declarations Sept 29
- For Settlement Oct 10

For rate indications see end of London Share Service

A relatively brisk interest developed in the Traditional market yesterday. Stocks dealt in for the call included Norfolk Capital, Westland, Smith and Nephew, C.H. Bailey, Bula Resources, C. Baynes, LASMO, Enterprise Oil, RHM, Dee Corporation, J. Neill, S. Miller and Pavion. Puts were arranged in Harris Queensway, Ashley Industrial Trust and C. Baynes, while Scottish and Newcastle were dealt in for the double.

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (177).

BRITISH FUNDS (1) AMERICANS (12) CANADIANS (4) BANKS (8) BREWERS (1) BUILDINGS (7) CHEMICALS (8) STORES (8) ELECTRICALS (10) ENGINEERING (8) FOODS (2) INDUSTRIALS (22) INSURANCE (8) LEISURE (3) MOTORS (1) NEWSPAPERS (4) PAPERS (8) PROPERTY (7) SHIPPING (2) TEXTILES (2) TRUSTS (36) OILS (1) OVERSEAS TRADERS (1) PLANTATIONS (1) MINES (4) THIRD MARKET (2).

NEW LOWS (13).

STORES (1) Next, ELECTRICALS (1) Microsystems, ENGINEERING (1) Aerospace Eng., INDUSTRIALS (3) CCF, Centreway Ind., SAC Int'l., NEWSPAPERS (1) Accord Pub., PAPERS (1) BBB Design, SOUTH AFRICANS (1) OK Bazaars, TRUSTS (3) Fashion & Gen., Inv. in Success, MINES (2) Egoli Cons., Rand Min. Props.

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Wednesday July 6 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act. at 25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Tue Jul 5 Index No.	Mon Jul 4 Index No.	Fri Jul 1 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (208)	[illegible]									
2 Building Materials (29)	[illegible]									
3 Contracting, Construction (35)	[illegible]									
4 Electricals (12)	[illegible]									
5 Electronics (31)	[illegible]									
6 Mechanical Engineering (56)	[illegible]									
8 Metals and Metal Forming (8)	[illegible]									
9 Motors (14)	[illegible]									
10 Other Industrial Materials (23)	[illegible]									
21 CONSUMER GROUP (187)	[illegible]									
22 Brewers and Distillers (21)	[illegible]									
25 Food Manufacturing (23)	[illegible]									
26 Food Retailing (16)	[illegible]									
27 Health and Household (12)	[illegible]									
29 Leisure (30)	[illegible]									
31 Packaging & Paper (17)	[illegible]									
32 Publishing & Printing (17)	[illegible]									
34 Stores (34)	[illegible]									
35 Textiles (17)	[illegible]									
40 OTHER GROUPS (92)	[illegible]									
41 Agencies (19)	[illegible]									
42 Chemicals (20)	[illegible]									
43 Conglomerates (13)	[illegible]									
45 Shipping and Transport (12)	[illegible]									
47 Telephone Networks (2)	[illegible]									
48 Miscellaneous (26)	[illegible]									
49 INDUSTRIAL GROUP (487)	[illegible]									
51 Oil & Gas (13)	[illegible]									
59 500 SHARE INDEX (500)	[illegible]									
61 FINANCIAL GROUP (122)	[illegible]									
62 Banks (8)	[illegible]									
65 Insurance (Life) (8)	[illegible]									
66 Insurance (Composite) (7)	[illegible]									
67 Insurance (Brokers) (7)	[illegible]									
68 Merchant Banks (11)	[illegible]									
69 Property (51)	[illegible]									
70 Other Financial (30)	[illegible]									
71 Investment Trusts (78)	[illegible]									
81 Mining Finance (2)	[illegible]									
91 Overseas Traders (8)	[illegible]									
99 ALL-SHARE INDEX (710)	[illegible]									

	Index No.	Day's Change	Day's High	Day's Low	Jul 5	Jul 4	Jul 1	Jun 30	Jun 29	Year ago
FT-SE 100 SHARE INDEX ♦	1870.0	+15.2	1870.2	1863.2	1854.8	1848.0	1858.2	1857.6	1855.1	2356.9

♦Opening index 1866.1; 10 am 1865.5; 11 am 1867.9; Noon 1868.6; 1 pm 1867.5; 2 pm 1866.8; 3 pm 1868.1; 3.30 pm 1863.7; 4 pm 1864.1

FIXED INTEREST

PRICE INDICES	Wed Jul 6	Day's change %	Tue Jul 5	xd adj. today	xd adj. 1988 to date
British Government					
1 5 years	121.08	+0.01	121.30	0.23	6.11
2 5-15 years	137.10	-0.11	137.33	–	7.37
3 Over 15 years	146.94	-0.27	147.35	–	6.88
4 Irredeemables	162.10	-0.23	162.56	–	7.30
5 All stocks	134.45	-0.10	134.66	0.08	6.80
Index-Linked					
6 5 years	127.88	+0.05	127.01	–	1.32
7 Over 5 years	120.24	-0.10	120.36	–	1.72
8 All stocks	120.71	-0.08	120.81	–	1.67
9 Debentures & Loans	117.24	+0.15	117.06	–	6.47
10 Preference	93.91	–	93.91	–	3.33

AVERAGE GROSS REDEMPTION YIELDS		Wed Jul 6	Tue Jul 5	Year ago (approx.)
British Government				
1 Low Coupons	5 years	9.35	9.35	8.15
2	15 years	9.43	9.46	8.95
3	25 years	9.23	9.20	8.94
4 Medium Coupons	5 years	9.83	9.81	9.05
5	15 years	9.45	9.46	9.37
6	25 years	9.44	9.41	9.20
7 High Coupons	5 years	10.01	9.99	9.13
8	15 years	9.83	9.79	9.33
9	25 years	9.53	9.49	9.25
10 Irredeemables		9.48	9.46	8.85
Index-Linked				
11 Inflation rate 5%	5yrs.	2.69	2.70	2.58
12 Inflation rate 5%	Over 5 yrs.	3.88	3.87	3.78
13 Inflation rate 10%	5 yrs.	1.78	1.71	2.20
14 Inflation rate 10%	Over 5 yrs.	3.71	3.71	3.72
15 Debs & Loans	5 years	10.97	10.86	10.11
16	15 years	10.91	10.84	10.11
17	25 years	10.85	10.84	10.08
18 Preference		9.571	9.571	10.22

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
CONSTITUENT CHANGES: Lynton Property & Reversionary(69) has been deleted. Kleinwort Benson Lonsdale(68) has changed to Kleinwort Benson Group.

LONDON TRADED OPTIONS

Option		Calls			Puts		
[illegible]							

July 6 Total Contracts 35,857 Calls 27,833 Puts 8,024
FT-SE Index Calls 699 Puts 811
*Underlying security price.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
[illegible]					

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	48	52	13
Corporations, Dominion and Foreign Bonds	26	1	25
Industrials	499	249	827
Financial and Properties	247	50	355
Oils	34	19	55
Plantations	1	4	8
Mines	71	34	86
Others	86	75	85
Totals	1,012	484	1,454

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

[illegible]

WORLD STOCK MARKETS

AUSTRIA

July 6	Sch	+ or –
Creditanstalt	2,000	+5
Goesser	2,810	+40
Interunfall	9,970	+40
Jungbunzlauer	7,390	–10
Laenderbank	357	–5
Perlmooser	677	–1
Steyr-Daimler	78	—
Veitscher Mag	630	–5

BELGIUM/LUXEMBOURG

July 6	Frs.	+ or –
B.B.L.	2,610	+10
Banque Gen. De. Lux	13,500	—
Bank Intl. a.Lux	13,100	+50
Bekaert B	10,900	—
Ciment CBR	6,450	+70
Cockerill	245	+1
Colruyt	9,490	+110
Delhaize	4,585	+35
EBES	4,230	—
Fabrique Nat	796	+26
GB Inno BM	1,290	+4
GBL (Brux.L)	3,390	+40
Generale Bank	5,160	—
Gevaert	7,500	—
Hoboken	8,300	–120
Intercom	3,415	+25
Kredietbank	4,105	–85
Pan Holdings	12,000	+90
Petrofina	12,875	–150
Raffinerie Tirle	1,422	–6
Royale Belge	5,210	–40
Soc Gen Belge	4,800	—
Sofina	12,300	+300
Solvay	13,050	+75
Stanwick Intl	80	—
Tractebel	7,140 xr	–20
UCB	9,090	–40
Wagons Lits	5,410	–10

DENMARK

July 6	Kr	+ or –
Baltica Hldgs	540	—
Carlsberg	1,040	–10
Cop Handelsbank	258	+5
D. Sukkerfab	392.2	–0.3

FRANCE

July 6	Frs.	+ or –
Accor	463	+3
Air Liquide	578 xc	+6
Alcatel	2,140	—
BIC	695	—
BNP (Cert.inv.)	275	+2
Bongrain	2,420	—
Bouygues	906	–9
BSN	4,947	+51
Carrefour	2,610	+70
Club Mediterranee	490	+1
Cie Bancaire	514	+31
Cie Fin. de Suez	266	–0
Cofimeg	290	–5
CGE	323.5	+5.5
Damart	2,390	+25
Darty	402	+3
Dumez S.A.	713	+6
Eaux (Cie Gen)	1,306	+5
Elf-Aquitaine	342	+3
Essilor	2,066	+50
Gen.Occidentale	776	–4
Havas	679	–6
Imetal	222.3	+3.5
LVMH	2,946	+31
Lafarge Coppee	1,403	+33
L'Oreal	3,488	+53
Legrand	2,953	+38
Maisons Phenix	74	+2
Matra S.A.	189	+4
Michelin B	224	+3
Midi (Cie)	1,390	—
Moulinex	116	+4
Nord Est	116	–0
Paribas	388	+4
Pernod Ricard	1,000	+15
Perrier	898	–1
Peugeot S.A.	1,333	+20
Printemps Au	510	–12
Radiotech	810	+9
Redoute	2,470	–80
Roussel-Uclaf	1,230	+5
St.Gobain	536	+20
Sefimeg	425	—
Skis Rossignol	930	+32
Telemech Elect	4,560	+300
Thomson (CSF)	218	+5
Total-Petroles Fr.	344	+2
Valeo	512	+26

GERMANY (continued)

July 6	Dm.	+ or –
Hoechst	274	+2
Hoesch	140.5	+1.4
Holzmann (P)	399	–1
Horten	188	–0.5
Hussel	439.3	+7.5
Karstadt	439	+8
Kaufhof	377.2	+10.2
KHD	126	–4
Kloeckner Werke	101	—
Linde	701	+6
Lufthansa	160.5	–1
MAN	192	+0.5
Mannesmann	159.5	–3.3
Mercedes Hld.	573	+33
Metallgesell	308	—
Muench Rueck	2,100	—
Nixdorf	489.5	+8.5
Porsche	521	+5
Preussag	174	—
Rhein West Elect	228.2	–3
Rosenthal	209	+1
Schering	535	+4
Siemens	428.2	+2.2
Thyssen	144.8	+0.3
Varta	287	+1.8
Veba	273	–1
V.E.W.	164.3	–1.2
Verein-West	353	–1
Volkswagen	263	+4.4

ITALY

July 6	Lire	+ or –
Banca Com'le	2,189	+34
Bastogi-IRBS	260	+1
CIR	5,990	—
Credito Italiano	1,070	—
Fiat	9,470	+64
Generali Assicur	86,100	+90
Italcementi	105,900	+200
La Rinascente	4,345	–5
Montedison	1,850	+30
Olivetti	9,970	+49
Pirelli Co	4,495	+30
Pirelli Spa	2,636	–13
Saipem	2,042	–18
Snia BPD	2,205	+2
Toro Assicur	18,100	+210

NETHERLANDS (continued)

July 6	Fls.	+ or –
Nat Nid Bank	172.00	+3
Nedlloyd	246.20	–2.8
Oce Grinten	237.00	+1
Ommeren (Van)	28.90	–0.5
Pakhoed	88.50	–0.2
Philips	34.90	—
Robeco	92.50	+0.9
Rodamco	148.10	+0.1
Rolinco	98.10	+0.8
Rorento	57.50	+0.1
Royal Dutch	229.00	+2.5
Unilever	112.50	+1.6
VMF Stork	20.20	[illegible]
VNU	95.80	[illegible]
Wessanen	77.60	[illegible]
Wolters Kluwer	143.50	+1.2

NORWAY

July 6	Kroner	+ or –
Aker Norcem	46.00	+1
Bergens Bank	125.00	–2
Bergesen B	300.00	—
Christiania Bk	107.00	–0.5
Den Norske Credit	95.00	–1
Elkem	138.00	+1.5
Hafslund	558.00	+2
Kosmos	114.00	–5
Kvaerner	240.00	+2
Norsk Data	66.50	+1.5
Norsk Hydro	213.50	+1
Orkla Borregaard	207.0	+2
Storebrand	43.50	+1.5

SPAIN

July 6	Pts.%	+ or –
Alcazar	600	+5
Banco Bilbao	1,085	–15
Banco Central	1,195	–5
Banco Exterior	421	+1
Banco Hispano	821	–5
Banco Popular	1,800	–50
Banco Santander	940	–5
Banco Vizcaya	1,085	–15

SWEDEN (continued)

July 6	Kronor	+ or –
Skan Enskilda	146	+2
SKF B Free	318	–2
St Kopparb'g A Free	403	–2
Svka Cell'sa B (Free)	372	—
Svka Handelsbn	128	+3
Volvo B (Free)	342	+7

SWITZERLAND

July 6	Frs.	+ or –
Adia Intl	8,550	+50
Alusuisse	830	+5
Bank Leu	2,725	+65
Brown Boveri	2,465	+65
Ciba Geigy	3,410	+40
do. (PtCts)	2,270	+10
Credit Suisse	2,540	+10
Elektrowatt	3,120	+25
Fischer (Geo.)	1,170	+10
Hoff-Roche (PtCts)	124,375	+1,250
Hoff-Roche 1/10	12,450	+150
Inspectorate Int.	2,000	—
Jacobs Suchard	7,950	+75
Jelmoli	2,480	–40
Landis and Gyr	1,325	+15
Nestle	8,675	+175
Oer-Buhrle	1,125	—
Pargesa Hldg	1,565	+5
Pirelli	260	–2
Sandoz (Br)	12,450	+150
Sandoz (PtCts)	2,085	–5
Schindler (PtCts)	705	–5
Sika	717	–33
Surveillance	5,110	+5
Swissair	1,185	+25
Swiss Bank	383	+11
Swiss Reinsce	13,350	+150
Swiss Volksbk	1,800	+50
Union Bank	3,300	+50
Winterthur	5,370	+15
Zurich Ins	5,940	+60

SOUTH AFRICA

JAPAN

AUSTRALIA

HONG KONG

SINGAPORE

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO
Closing prices July 5

Quotations in cents unless marked $.

MONTREAL
Closing prices July 5

OVER-THE-COUNTER

Nasdaq national market, Closing prices July 6

Continued from page 39

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

AB Electronic	440	+	12
BSR Intl.	78	+	5
Beecham	472	+	0
Blue Circle	444	+	16
BP	263	+	6
Cable & Wireless	365	+	7
Cookson	275	+	13
De La Rue	441	+	15
Enterprise Oil	479	+	12
Hanson	144½	+	5
Harris Queensway	182	+	8
Helical Bar	336	+	11
Inchcape	227	+	8
Legal & General	330	+	7
LASMO	473	+	14
Lonrho	256	+	7
Meyer Intl.	412	+	18
Midland Bank	448	+	0
Pleasurama	219	+	7
Priest Marians	408	+	13
Rover Group	741	+	14
Smurfit (Jeff.)	487	+	9
Tex Hldgs.	195	+	17
Tiphook	383	+	37

FALLS

Treas. 11¾% '03-07	£118	–	[illegible]
Rosehaugh	735	–	5
Scot. & Newcastle	321	–	7

† price at suspension

TOKYO - Most Active Stocks
Wednesday 6 July, 1988

	Stocks Traded	Closing Prices	Change on day
Mitsubishi Heavy Industries	226.27m	950	+16
Nippon Steel	214.29m	670	+45
NKK	153.91m	620	+5
Kawasaki Steel	146.78m	748	+9
Toshiba	138.14m	990	+30
Ishikawajima-harima Heavy Ind	134.21m	1,050	+64
Kawasaki Heavy Ind	100.23m	690	-1
Mitsubishi Electric	99.80m	960	+35
Mitsui Engineer	93.20m	600	+2
Nissan Motor	92.77m	1,140	+110

INDICES

NEW YORK — DOW JONES

	Jul 5	Jul 1	Jun 30	Jun 29	1988 High	1988 Low	Since compilation High	Since compilation Low
♦Industrials	2158.61	2134.58	2141.71	2121.98	2158.61 (5/7)	1879.14 (20/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.19	89.00	88.87	88.80	91.25 (3/3)	86.12 (4/1)	—	—
Transport	908.45	899.34	908.15	888.14	908.45 (5/7)	737.57 (21/1)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	182.14	180.42	181.07	179.59	190.82 (29/1)	167.26 (20/4)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2162.52 (2151.14) Low 2117.71 (2118.95)

STANDARD AND POOR'S

	Jul 5	Jul 1	Jun 30	Jun 29	1988 High	1988 Low	Since compilation High	Since compilation Low
Composite†	275.81	271.78	270.98	270.98	275.81 (5/7)	242.63 (20/1)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	318.56	313.75	315.73	313.20	318.56 (5/7)	277.86 (20/1)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	25.22	24.81	24.92	24.50	24.92 (30/6)	21.51 (8/1)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	155.57	153.68	154.47	153.13	155.57 (5/7)	136.72 (20/1)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	309.59	309.00	309.25	307.15	309.59 (5/7)	262.76 (12/1)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	396.11	394.69	394.66	391.66	396.11 (5/7)	331.97 (12/1)	455.26 (26/8/87)	54.87 (31/10/72)

	Jun 24	Jun 17	Jun 10	year ago (approx.)
Dow Industrial Div. Yield	3.49	3.55	3.54	2.83
	Jun 29	Jun 22	Jun 15	year ago (approx.)
S & P Industrial div. yield	3.10	3.03	3.06	2.52
S & P P/E ratio	14.18	14.42	14.37	23.17

TRADING ACTIVITY †Volume

Millions	Jul 5	Jul 2	Jun 30
New York	169.275	238.330	227.410
Amex	11.598	9.028	10.760
OTC	109.016	117.394	139.991

NEW YORK	Jul 5	Jul 1	Jun 30
Issues Traded	1,906	1,921	1,969
Rises	939	615	1,177
Falls	520	835	410
Unchanged	447	471	382
New Highs	40	40	38
New Lows	3	8	22

CANADA

TORONTO	Jul 5	Jul 4	Jul 1	Jun 30	1988 High	1988 Low
Metals & Minerals	3226.5	3173	(c)	3128.9	3226.5 (5/7)	2238.7 (8/2)
Composite	3465.4	3442.2	(c)	3441.5	3465.4 (5/7)	2977.9 (8/2)
MONTREAL Portfolio	1723.71	1707.89	(c)	1707.89	1723.71 (5/7)	1505.06 (27/1)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Delmarva	3,116,000	18⅛	– ⅛
Storage Technology	3,794,400	2⅞	+ ⅛
Carolina Power	3,417,900	33⅞	– ⅛
Illinois Power	3,104,600	18⅞	– ⅛
Bankers Trust	4,169,800	37⅞	+ ⅛
Pacific Telecom	3,389,400	29⅞	–
Baxter Intl	1,719,900	20⅞	–
BankAmerica	1,648,100	14	– ⅛
Exxon	1,556,800	45⅞	+ 1⅛
Gen Electric	1,384,900	44½	+ ⅛

Base values of all indices are 100 except NYSE All Common — 50; Standard and Poor's — 10; and Toronto Composite and Metals — 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

	July 6	July 5	July 4	July 1	1988 High	1988 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1589.7	1572.3	1560.1	1558.9	1618.2 (20/6)	1170.7 (10/2)
All Mining (1/1/80)	803.3	799.4	788.2	783.7	842.1 (20/6)	532.4 (10/2)
AUSTRIA						
Credit Aktien (30/12/84)	186.04	185.38	184.12	182.97	186.04 (6/7)	163.98 (11/2)
BELGIUM						
Brussels SE (1/1/80)	5012.9	5008.6	4964.8	4953.3	5043.1 (9/3)	3608.35(4/1)
DENMARK						
Copenhagen SE (3/1/83)	226.57	225.42	223.88	223.37	226.57 (6/7)	188.68 (4/1)
FINLAND						
Unitas General (1975)	735.9	733.8	733.6	731.3	735.9 (6/7)	530.6 (15/1)
FRANCE						
CAC General (31/12/82)	(u)	363.0	360.8	358.7	363.0 (5/7)	251.3 (29/1)
Ind. Tendance (31/12/87)	137.0	135.6	135.0	135.6	137.0 (6/7)	89.7 (29/1)
GERMANY						
FAZ Aktien (31/12/58)	495.17	488.61	485.74	479.66	495.17 (6/7)	396.40 (29/1)
Commerzbank (1/12/53)	1502.4	1483.0	1475.4	1459.6	1502.4 (6/7)	1207.9 (29/1)
DAX (30/12/87)	1199.96	1178.52	1168.10	1153.52	1199.96 (5/7)	931.18 (28/1)
HONG KONG						
Hang Seng Bank (31/7/64)	2737.51	2681.91	2687.62	2684.64	2737.51 (6/7)	2223.56 (8/2)
ITALY						
Banca Com. Ital. (1972)	513.27	511.21	515.94	512.46	545.07 (18/3)	423.91 (9/2)
JAPAN**						
Nikkei (16/5/49)	27766.60	27577.17	27360.39	27503.53	28342.46 (17/6)	21217.04 (4/1)
Tokyo SE New (4/1/68)	2176.55	2164.11	2148.25	2163.66	2219.98 (15/6)	1690.44 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	269.5	266.5	262.1	262.8	269.3 (6/7)	205.7 (4/1)
ANP-CBS Industrial (1970)	226.1	224.3	221.2	221.1	226.1 (6/7)	157.9 (11/1)
NORWAY						
Oslo SE (4/1/83)	416.18	413.52	415.44	414.37	416.18 (6/7)	327.78 (28/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1091.92	1095.66	1094.47	1105.41	1105.41 (1/7)	833.60 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1386.0	1366.0	1338.0	1310.0	1386.0 (6/7)	1134.0 (4/5)
JSE Industrial (28/9/78)	1699.0	1673.0	1668.0	1658.0	1699.0 (6/7)	1387.0 (12/2)
SPAIN						
Madrid SE (30/12/85)	294.27	294.95	296.40	297.02	301.63 (15/6)	225.50 (4/1)
SWEDEN						
Jacobson & P. (31/12/56)	3008.9	2981.4	2983.4	(u)	3020.4 (16/6)	2148.5 (4/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	554.1	549.7	546.8	546.5	554.1 (6/7)	466.6 (13/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	445.8	440.1	443.8	465.2 (15/6)	401.0 (21/1)

**Saturday July 2: Japan Nikkei 27362.52 and TSE 2148.97

♦ Subject to official recalculation

Base values of all indices are 100 except Brussels SE and DAX — 1,000 JSE Gold — 255.7 JSE Industrials — 264.3 and Australia, All Ordinary and Mining — 500; (c) Closed. (u) Unavailable.

2pm prices July 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		- A-A-A -								
27⅞	14	AAR s	.50	1.4	22	436	28½	28¼	28½	
12⅛	8¼	ACMIn	n1.18e	10.		457	11¾	11⅝	11⅝	-⅛
12⅛	10⅝	ACMSc	n1.26	11.		280	11⅜	11¼	11¼	
10⅛	9½	ACMSp n				215	9⅞	9⅝	9⅝	+⅛
27¾	10½	AGS			21	402	26⅞	26¾	26⅞	-⅛
7⅜	2⅞	AMCA				26	4⅝	4¼	4½	+⅛
8⅝	3¾	AM Intl				2602	5¼	4⅞	5¼	+¼
20½	17	AM Int pf	2	9.7		235	20⅝	20¼	20⅝	+½
65½	26¾	AMR			12	6610	50	49½	49¾	-⅛
11⅛	5¾	ARX			11	26	6¾	6½	6⅝	
72⅞	40¼	ASA	2	7.0		257	42¾	42½	42⅝	-¼
22⅞	9½	AVX	.08e	.3	14	133	18⅞	18½	18⅝	-⅛
68⅛	40	AbtLab	1.20	2.6	10	3620	46½	45¾	46⅜	+⅛
23	15⅛	AbitibI	g.40			141	16¾	16⅝	16⅝	-¼
16⅝	9½	AcmeC	.40	3.4		451	11⅞	11⅝	11¾	-¼
10½	6⅛	AcmeE	.32b	4.6	22	36	7⅛	7	7	
20	14⅛	AdaEx	3.05e	16.		124	16⅛	16	16⅛	
19¾	6⅞	AdamMl	.24	1.5	13	40	15⅝	15½	15½	-⅛
34⅞	7½	AMD				1857	10½	10¼	10⅜	-¼
50¾	20¼	AMD pf	3	7.0		12	43	42¾	42	
11⅞	4⅞	Adobe			12	45	7½	7½	7½	-⅛
20¼	16¼	Adob pf	1.84	10.		54	18⅛	18	18	-¼
27¾	17½	Adob pf	2.40	11.		4	21¼	21⅛	21⅛	
12⅛	5⅝	Advest	.12	1.8	0	46	6⅝	6½	6⅝	
64¼	38½	AetnLf	2.76	6.0	7	1460	46¼	45⅞	46	-¼
41¾	20½	AfilPb s	.20	.7	46	414	28⅞	28¼	28½	-⅛
23⅞	13	Ahmans	.88	5.4	11	540	16⅜	16¼	16¼	-⅛
4	1⅞	Aileen				34	3⅝	2½	3⅝	-⅛
53⅞	28	AirPrd	1.20	2.3	15	1080	52	51½	51⅝	-⅛
33¾	11⅛	AirbFrt	.60	3.1	26	94	19⅝	19⅜	19⅜	
18½	8¼	Airgas			20	321	16	15⅞	15⅞	-⅛
20	13½	Airlease	2.30	12.	13	9	19⅞	19⅝	19⅝	+¼
9⅞	7⅛	AlaP	dpf.87	9.8		3	9¼	9¼	9⅜	
110	103½	AlaP pf	11	10.		z100	106½	106½	106½	-1⅛

Continued on Page 39

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
29⅞	14¼	Rockwl	.72	3.3	9	962	21⅞	21½	21½	−⅛
10½	4⅞	RodRen	.34e	2.1		10	6¼	6¼	6¼	
53¼	24	RoHaas	.92	2.6	12	262	36¼	36	36	−½
26	12⅛	Rohr			16	190	31⅛	31⅛	31¼	+⅛
25⅞	11½	RolinsE	.08	.4	27	788	20⅛	19⅞	20	
24⅞	13¾	Rollins	.52	3.3	17	281	16¼	15⅝	15⅝	
36⅛	10⅛	Rorer s	.80	2.3	21	371	35½	35¼	35⅜	+⅛
11⅛	3¾	Rowan				1753	7	6¾	6⅞	
141	94½	RoylD	6.62e	5.8	7	2800	113⅛	111⅛	113⅛	+1⅛
10½	5	Roylnt	.19e	1.1	17	127	11⅝	11⅜	11½	
9¼	5¾	Royce	.53e	5.9		52	8¾	8⅝	8¾	+⅛
36	19	Rubmd	.36	1.5	19	585	23¾	23⅛	23⅛	−½
45¾	17½	RoseBr	.40	1.7	16	315	23¼	22¾	23	−¾
26⅞	11	RussTg	.60	4.3	14	1	14	14	14	+⅛
16¼	10⅝	Russell	.24	1.8	14	629	16⅛	16½	16½	−⅛
41	20	Ryder	.56	2.0	18	1761	29⅛	28⅝	28⅞	−⅛
32¼	17⅛	Rykoff	.68	2.2	16	282	31⅛	30⅞	30⅞	
28½	11	Ryland	.50	3.0	7	337	17	16¾	16⅞	+⅛
20¼	7½	Rymer			19	2	13⅛	13⅛	13⅛	
10	8	Rymer pf	1.17	13.		25	8⅞	8¾	8¾	−⅛
		− S − S − S −								
38⅛	27⅞	SCECp	2.48	7.8	10	1918	32⅞	32⅛	32⅛	
17	8	SCOR U	.10e	1.3	8	129	8	7¾	7¾	−⅛
13⅛	7⅛	SL Ind	.18b	2.2	14	1	8⅛	8⅛	8⅛	+⅛
39⅝	21¾	SPX Cp	1.20	3.2	16	110	37⅛	36½	37	+¼
31⅞	13	SSMC			29	71	24⅛	24⅛	24⅛	
34⅞	16⅛	Saatchi	1.06e	5.4	6	2207	20¼	20	20	
14	10	SabnR	1.54e	13.	6	11	11⅝	11⅝	11⅝	
19⅝	9	SlgdSc			7	4	16⅞	16⅞	16⅞	−⅛
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AMEX COMPOSITE PRICES

2pm prices July 6

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OVER-THE-COUNTER

Nasdaq national market, 2pm prices July 6

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Continued on Page 37

AMERICA

Consolidation leaves Dow drifting in strong turnover

Wall Street

AFTER ITS surge to post-crash highs on Tuesday, Wall Street consolidated in yesterday's early trading. The Dow Jones Industrial Average drifted aimlessly throughout the morning within a few points of the previous night's close, *writes Anatole Kaletsky in New York.*

The market opened on a weak note as some investors took profits from Tuesday's big advance, and within an hour the Dow had fallen by about 6 points from its closing level. At this stage, the selling pressure was met with renewed buying and prices recovered steadily until lunchtime, in a pattern which bullish traders saw as a repeat of the previous day's healthy performance. However, after peaking at noon about 7 points above its overnight level, the market began to give up its gains.

At 2pm, the Dow was 1.25 down at 2,157.36. Volume on the New York Stock Exchange was a healthy 110m shares, with most of the activity again due to genuine investment, rather than dividend-related trades. The Standard & Poors 500 was down 0.25 at 275.56 and the Dow Transportation index fell 2.69 to 905.76.

As in the previous few days, investors continued to watch carefully for developments in the bond and currency markets. But they found little cause for alarm in another gentle decline in bond prices and the dollar. The Treasury long bond fell by as much as ¼ point early in the morning, but later recovered some of its losses after the Federal Reserve announced another round of system repurchase agreements.

By 1pm the long bond was down ¼ at 102¼, at which it yielded 8.901 per cent. Federal funds were quoted at 7⅝ per cent, a level which most analysts considered to be a better reflection of the Fed's intentions than the 7¾ per cent plus which had prevailed in the money market for the last few days.

In the absence of any new economic indicators, bond market investors continued to express concern about the strength of the economy, following the bullish report from corporate purchasing managers published on Monday. This concern was tempered by the dollar's ability to withstand substantial profit-taking in the foreign exchange markets and the continuing moderation in oil and commodity prices. Forecasts of rain in the mid-Western farmbelt helped contribute to another 0.18 point fall in the Commodity Research Bureau index, which was quoted at 262.46 at 12.30pm.

Reflecting the market's lack of direction, blue chips were mixed. International Business Machines fell $⅛ to $129¼ and Digital Equipment was down $⅜ at $118⅝. Ford rose $¼ to $54¼, after reporting strong car sales in the last 10 days of June, while General Motors was down $¼ to $79¼.

The oil stocks, which had been Tuesday's strongest performers, settled into a holding pattern, with Exxon falling $⅛ to $45⅞, while Chevron advanced $¼ to $47⅞.

Among the few stocks moved by news announcements was Texas Air, which jumped $⅞ to $15⅛. The Transportation Department said Texas Air's Eastern Airlines subsidiary had reached an agreement with its unions to ensure that labour disputes did not interfere with the airline's safety – a pact which could pave the way to a settlement of the company's bitter labour wrangles.

Another special situation stock, Irving Bank, fell $⅞ to $70½ in response to the marginally sweetened bid from Banca Commerciale Italiana. BCI's new bid, which would add some equity warrants to the existing offer was unveiled on Tuesday after the market closed and it disappointed speculators who had hoped for a higher cash offer.

Canada

RISING golds, energy issues and industrials lifted Toronto shares in active trading at midsession.

The composite index gained 11.30 to 3,476.70 as advances outnumbered declines by 316 to 293 in lively turnover of 17.5m shares.

Golds led the advance with Placer Dome advancing C$½ to C$17¼ and Echo Bay moving ahead C$¼ to C$25¼. Lac Minerals, which said it had agreed in principle to sell its Canadian oil and gas assets for C$23.5m, rose C$⅛ to C$14⅛.

ASIA

Yen stability drives Nikkei up in near-record trading

Tokyo

THE stabilisation of the yen-dollar exchange rate and the overnight advance on Wall Street spurred heavy demand for large-capitalisation and high-technology stocks in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average jumped 189.43 to 27,766.60 in hectic trading of 2.62bn shares, the second largest in history after the 2.83bn scored on March 27 last year.

The market indicator started at a low of 27,584.23 and reached the day's high of 27,767.57 shortly before the close. However, declines outpaced advances by 518 to 393, with 141 issues unchanged. Japanese shares shaded lower in London trading, with the new ISE/Nikkei 50 index easing 0.40 to 1,761.42 from the Tokyo close.

Investors in Tokyo were encouraged by calm foreign exchange trading, with the dollar at the Y133 level, and by the post-crash high reached in New York. Businesses and individuals poured funds into giant-capital steels and shipbuildings, pushing them up sharply.

However, the fact that the 10 most active stocks in morning trading were all big-capital issues – accounting for as much as 63 per cent of total transactions – led to caution.

Buying then shifted to high-tech issues, particularly heavy electricals. Recently, high-tech stocks have been held back by institutional selling, but leading brokerage houses now predict they will remain on the most popular list for some time with large-capital stocks.

Shipbuildings saw demand throughout the day. *Mitsubishi Heavy Industries* headed the active list with 226.3m shares traded, adding Y16 to Y950.

Among steels, Nippon Steel, which was second with 214.2m shares, closed up Y45 at Y670.

Toshiba advanced Y30 to Y990 and Mitsubishi Electric Y35 to Y960 on the fifth and eighth heaviest trading respectively. Hitachi shot up Y100 to Y1,600.

Low-priced high-tech issues also gained ground, with Fuji Electric climbing Y25 to Y673. In high-priced leading issues, *Matsushita Electric Industrial* finished Y80 stronger at Y2,610 and *NEC* Y90 up at Y2,160.

Carmakers remained firm, with *Nissan Motor* up Y110 at Y1,140.

Dealers bought actively on the bond market, steeply depressing the yield on the bellwether 5.0 per cent government bond, due in December 1997, from Tuesday's 5.005 per cent to 4.930 per cent. But profit-taking increased later as dealers were still uncertain of the yen's future movements and concerned about the Bank of Japan's monetary policy for the immediate future. The yield rose back close to 5.0 per cent, finishing at 4.975 per cent.

Buying continued on the Osaka Securities Exchange and the OSE stock average advanced 115.26 to 27,771.43.

Hong Kong

THE strong overnight gains on Wall Street and Tokyo's rise yesterday helped boost demand, sending share prices to a post-crash high.

The Hang Seng index rose 55.6, or 2.1 per cent, to 2,737.51, on strong institutional buying. Turnover rose sharply to HK$1.2bn from HK$671m.

Hongkong Bank was the most active issue for the third consecutive session, rising 10 cents to HK$6.50, on the view that recent interest rate rises and continued strong demand for credit would feed into earnings.

Australia

DEMAND for resource stocks helped equities to a sharply higher close, extending Tuesday's rally, although afternoon profit-taking left prices off their peaks.

The All Ordinaries index added 17.4 to 1,589.7, with turnover at a moderate 94.3m shares.

Firmer base metal prices and bullion's rise above the $438 an ounce level helped miner CRA gain 20 cents to A$8.30. Western Mining found 12 cents to A$6.32 on turnover of 1.83m shares.

Bundaberg Sugar saw the most active trade, with 6.29m shares dealt, of which 5.06m were handled in a special sale by Ord Minnett at A$3.20, prompting speculation that IEL was further reducing its stake.

Singapore

SPECULATIVE selling and selective profit-taking led shares lower in spite of strong finishes in New York and Tokyo, with the Straits Times Industrial index falling 4.41 to 1,061.25.

The index had risen by 4.82 in early trading, but news that five more Supreme Court judges in Malaysia had been suspended from duty helped trigger some nervous afternoon selling.

TAIWAN share prices scored their biggest single day rise of the year amid optimism that the 13th Kuomintang Congress starting today would usher in further social and political liberalisation. The weighted index jumped 135.59 to 5,130.12, still 77 points below the June 15 record.

New technology aids Frankfurt's dominance

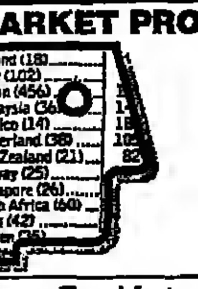
THE HEAVY scaffolding over the Frankfurt stock exchange has come down just as the bourse, which has long been the first among equals of West Germany's eight exchanges, has been consolidating its dominance even further.

With a current market capitalisation of about DM355bn, Frankfurt now accounts for over 70 per cent of aggregate national stock exchange turnover in bonds and shares. That is up from just over 50 per cent little more than a year ago, and the trend is still rising.

The concentration on Frankfurt stems from a variety of factors, not least its heavy investment in new technology. In particular, the KISS (Kurs Information und Service System) has improved and speeded up share information, while trading conditions on the floor are already looking up with the near-completion of one of the world's largest price indicator boards and a huge graphic display. Meanwhile, bank and broker booths have been renovated, and extra space for services has even been found in the mansard roof.

KISS also forms the basis for the Deutscher Aktienindex (DAX), the new real-time index of 30 leading West German blue chips listed in Frankfurt. Inaugurated on July 1, DAX, which is West Germany's only real-time index to date, may eventually supersede its established rivals. They are the Frankfurter Allgemeine Zeitung (FAZ) index, which lists 100 shares and is at present the most commonly used index by professionals, and the 60-share Commerzbank index, based on Düsseldorf prices.

DAX is also set to form the basis of a new stock index futures contract on the planned new West German options and futures exchange. But the fact that the KISS system was out of action all day on Tuesday shows that teething problems have not been entirely solved.



MARKET PROFILE

Frankfurt

Trading is currently paper-based, but preparations are being made for an electronic order routing system.

The Frankfurt bourse trades officially between 11.30 am and 1.30 pm, although off-exchange trading continues well after hours. Off-exchange trading in bonds in particular is believed to be very substantial, although no precise figures are available.

Stock exchange business is dominated by the banks, although there are also independent stockbrokers. Foreign banks have been gaining membership of the exchange, but their role is still limited.

There are actually four different types of markets, although the *amtliche Handel* (official market) is dominant. In May 1987, the *geregelter Markt* was set up to offer a second-tier market with the same legal safeguards of the main market.

The Frankfurt bourse lists 595 shares, with the top 10 stocks accounting for 48 per cent of market capitalisation. About 75 per cent of the capitalisation is freely tradeable.

Average daily turnover in the first five thin months of this year amounted to about DM1.9bn, according to figures from UK brokers County NatWest WoodMac. The daily average from June 1987 to May 1988 was DM3.1bn, according to the Frankfurt stock exchange.

There are no limits to foreign holdings in West German companies, although stakes of over 25 per cent must be disclosed, irrespective of ownership. The market comprises mainly bearer shares, although a number of companies – typically insurers – have issued their equity in registered form. Some well-known family companies floated in recent years have also issued their shares only in preference form, with no voting rights for the shareholder.

Settlement, which West German bankers regard with some pride, is a two-day system, and based on book entry.

As for withholding tax, share dividends are taxed at 25 per cent although double taxation treaties with most western countries reduce the burden. Interest payments on bonds are tax-free, but that privilege is not set to last: following a surprise announcement last October, they are due to be taxed at 10 per cent from next year.

A profile of the Finnish market appeared in Tuesday's paper. Milan will be featured tomorrow.

Haig Simonian

STOCK MARKET FACT CHART
FRANKFURT

Market capitalisation: DM355bn ($1=DM1.82, £1=DM3.11)
Number of shares listed: 595
Top 10 stocks, percentage of market: 48%
Trading hours: official – 11.30am-1.30pm; there is after hours trading
Average daily turnover, 1988: DM1.9bn
Main indices: FAZ, covers 100 shares; Commerzbank, covers 60 shares; DAX, 30 blue chips
Current level of index (FAZ): 495.17; 1988 high: 495.17 (6/7); 1988 low: 386.40 (29/1)
Settlement: two days
Address: Frankfurter Wertpapierbörse, Börsenplatz 2-6, Postfach 100811, 6000 Frankfurt am Main. Tel: (49) 69-2197-0

EUROPE

Steady dollar encourages overseas demand

FOREIGN demand, spurred by good corporate news, helped push share prices higher, especially in Frankfurt, Paris and Zurich, while the firm dollar added cheer to bourses all around Europe, *writes Our Markets Staff.*

FRANKFURT pushed on to its third consecutive year's high this week as the stability of the dollar attracted heavy foreign and domestic funds into the leading blue chips.

The FAZ index rose 6.58 to 495.17, and the real-time DAX index of 30 blue chips gained 21.44 to 1,199.96. It came back from a day's high of 1,201.80 amid some late profit-taking. Technical problems that restricted access to the DAX on Tuesday appeared to have been resolved.

Trading volume was dramatically higher than in recent days, with DM5.5bn worth of West German shares traded nationally compared with DM3.2bn on Tuesday. The dollar closed in Frankfurt at DM1.8225 after ending at DM1.8260 on Tuesday.

"People have been piling in and buying the market," said one analyst. "There's finally a realisation of where the dollar is and the fact that the German market is geared to the level of the dollar."

Much of the buying centred on the so-called "Holy Trinity" stocks – Deutsche Bank, Daimler and Siemens – which tend to be most popular with foreigners in a rising market. Investors are now looking for a rise in the FAZ index to the 500 level, where they might then pause to assess their position, the analyst said.

Recent positive corporate results have been fuelling the rise over the past week, and the strength of Wall Street on Tuesday gave investors further confidence.

Daimler showed one of the biggest gains, spurting DM40, or 6 per cent, to DM703. It has been helped by its bullish AGM last week and by expectations it will take a 30 per cent stake in MBB, the aerospace company. Siemens rose DM4.60 to DM428.20 and Deutsche Bank was up DM17 at DM484.

In the retail sector, Massa gained DM4 to DM349, reporting a fall in 1987 profits but predicting better results this year and next. *Kaufhof*, which reported a 17 per cent rise to first half group sales, added DM8.70 to DM377.20.

Bonds edged higher, with the yield on the 6¼ per cent 1998 federal bond at 6.60 per cent after 6.62 per cent on Tuesday.

PARIS continued its upward climb, as corporate news and rumours swirled around the market, spurring domestic and foreign demand for special situation stocks.

Turnover was heavy again in appliance maker Moulinex, the day's most active stock, and drinks group LVMH.

Moulinex rose FFr4.80 to FFr116.60, with 573,700 shares traded, on a revaluation of its earnings potential and amid rumours of a possible acquisition.

LVMH added FFr31 to FFr2,946 with 181,680 shares changing hands as rumours of a rift between the group's founding families continued.

Car components group Valeo, up FFr26.10 at FFr512, saw 427,400 shares traded, buoyed by a reappraisal of its fundamentals and the conversion of warrants into stock, analysts said.

Foods group BSN, announcing the £199m acquisition of HP Foods and Lea & Perrins from Hanson of the UK, climbed FFr51 to FFr4,947. The EFX 50 index rose 3.79 to 365.21.

ZURICH also benefited from strong foreign interest and the firm dollar. The Crédit Suisse index gained 2.2 to 474.7 in active trading.

Banks continued to catch up after their dull performance most of this year, with interest reported from London. Swiss Bank and Union Bank were the *strongest, with the former rising* SFr11 to SFr382 and the latter up SFr50 at SFr3,300. Bank Julius Baer bearers gained SFr475 to SFr14,150 after announcing a SFr140m convertible bond issue.

Some chemicals benefited from recent analysts' recommendations, with Ciba-Geigy up SFr40 at SFr3,410 and Roche "baby" up SFr150 at SFr12,450.

AMSTERDAM saw bullish trading again and closed higher, helped by Wall Street's overnight climb and the strengthening of the dollar over the day against the guilder.

Market leader Royal Dutch was helped by the strong oil market, rising Fl 2.50 to Fl 229. Fokker, which said it was discussing with KLM the possible sale of Fokker 50 passenger aircraft, added 30 cents to Fl 23.80, while KLM eased 10 cents to Fl 39.10.

MILAN gained ground in moderate volume, taking its cue from Wall Street, with the MIB index rising 5 to 1,062.

Turnover was estimated at L110bn and the session saw active trading in Fiat, up L64 at L9,470. *It firmed further in after* hours trading to reach L9,510.

BRUSSELS was boosted by the overnight rise on Wall Street and the continuing strength of the dollar, closing mixed with a firmer bias. The stock index inched up 4.36 to 5,012.97.

Chemical group Solvay, which said it had sold a majority stake in a Brazilian plastics unit, advanced BFr25 to BFr13,000.

STOCKHOLM was buoyed by gains in New York in moderate turnover, with the Affärsvärlden index adding 7.8 to 865.8.

Ericsson B free share added SKr8 to SKr248 after Tuesday's news of a British order for a mobile telephone system, and SKF fell SKr2 to SKr318.

MADRID remained quiet, with the general index up just 0.09 to 295.08, and foreigners apparently more interested in other European markets.

London

INTERNATIONAL blue chips were encouraged by Wall Street's strength, although the *firmness of the pound* restricted gains. Beecham proved the best performer, helped by the company's recent presentation to two UK brokers.

The FT-SE 100 index closed up 15.2 at 1,870.

SOUTH AFRICA

THE STEADY bullion price helped gold shares close firm in Johannesburg yesterday, although trading continued thin and uncertain.

The impact of the gold price was slightly offset by a rally in the financial rand.

Vaal Reefs ended R11 higher at R291 and *mining group Gencor* added R1 to R53.50.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY JULY 5 1988					MONDAY JULY 4 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (89)	140.14	+1.9	121.75	118.17	3.77	137.46	121.09	116.96	150.35	91.16	139.12
Austria (16)	86.38	+0.7	75.04	81.80	2.54	85.79	75.57	81.53	98.18	83.72	85.89
Belgium (63)	119.21	+1.2	103.57	113.03	4.46	117.75	103.73	112.09	139.89	99.14	125.83
Canada (129)	127.99	+1.4	111.20	112.47	2.99	126.22	111.19	111.64	128.91	107.06	134.43
Denmark (39)	130.85	+1.2	113.68	123.06	2.36	129.30	113.90	122.00	132.72	111.42	115.45
Finland (26)	128.28	−2.2	111.45	117.14	1.47	131.17	115.55	119.94	139.53	106.78	–
France (130)	97.55	+1.3	84.75	94.00	3.44	96.32	84.85	93.11	99.62	72.77	110.03
West Germany (100)	77.11	+0.9	66.99	73.10	2.54	76.44	67.34	72.70	80.79	67.78	96.05
Hong Kong (46)	107.54	−0.3	93.43	107.94	4.24	107.90	95.05	108.21	109.20	84.90	128.21
Ireland (18)	135.61	+0.7	117.81	129.76	3.66	134.73	118.69	129.36	141.54	104.60	134.76
Italy (102)	71.22	−0.7	61.88	71.97	2.79	71.74	63.20	72.74	81.74	62.99	94.25
Japan (456)	159.60	+1.8	138.66	135.39	0.53	156.74	138.08	134.15	177.27	133.61	133.88
Malaysia (36)	150.81	+0.3	131.02	152.44	2.41	150.33	132.43	151.75	153.14	107.83	175.74
Mexico (13)	165.94	−3.4	144.17	414.57	1.31	171.84	151.38	430.26	180.07	90.07	269.42
Netherland (38)	104.62	+1.4	90.90	98.15	4.71	103.15	90.87	97.08	110.66	95.23	126.69
New Zealand (21)	76.25	+1.3	66.24	59.96	5.95	75.25	66.29	59.80	84.05	64.42	99.26
Norway (25)	120.70	−0.3	104.87	109.24	2.76	121.01	106.60	109.84	132.23	98.55	142.03
Singapore (26)	123.54	+0.5	107.33	116.91	2.15	122.93	108.29	116.52	125.56	97.99	154.34
South Africa (60)	120.11	−0.7	104.35	92.12	4.77	120.93	106.53	90.83	139.07	118.10	158.35
Spain (43)	151.12	+0.0	131.29	138.93	3.18	151.10	133.10	139.59	164.47	130.73	122.97
Sweden (35)	117.21	+0.4	101.83	109.23	2.61	116.74	102.84	109.27	125.50	96.92	115.22
Switzerland (55)	80.18	+1.2	69.66	75.38	2.27	79.21	69.78	74.79	86.75	75.60	97.25
United Kingdom (326)	131.82	+1.8	114.52	114.52	4.34	129.43	114.02	114.02	141.18	123.09	155.98
USA (584)	112.47	+1.3	97.71	112.47	3.48	110.98	97.76	110.98	112.47	99.19	125.50
Europe (1016)	106.45	+1.2	92.49	97.28	3.69	105.14	92.62	96.89	110.82	97.01	124.49
Pacific Basin (674)	156.72	+1.8	136.16	133.45	0.73	153.98	135.64	132.26	172.26	130.81	133.80
Euro-Pacific (1690)	136.65	+1.6	118.72	119.00	1.67	134.48	118.46	118.12	147.53	120.36	130.12
North America (713)	113.29	+1.3	98.43	112.49	3.45	111.79	98.48	111.04	113.29	99.78	125.98
Europe Ex. UK (690)	90.66	+0.7	78.76	86.57	3.13	89.99	79.27	86.23	92.99	80.27	104.94
Pacific Ex. Japan (218)	122.04	+1.1	106.03	109.22	3.91	120.72	106.35	108.62	128.15	87.51	132.95
World Ex. US (1892)	136.21	+1.6	118.34	118.65	1.74	134.09	118.13	117.77	146.49	120.26	130.68
World Ex. UK (2150)	126.51	+1.5	109.91	116.68	2.11	124.68	109.83	115.53	131.77	111.77	125.95
World Ex. So. Af. (2416)	127.00	+1.5	110.34	116.64	2.31	125.11	110.21	115.54	132.39	113.26	128.43
World Ex. Japan (2020)	111.34	+1.3	96.73	106.99	3.56	109.93	96.84	105.96	112.43	100.00	126.15
The World Index (2476)	126.96	+1.5	110.30	116.47	2.32	125.09	110.19	115.38	132.38	113.37	128.62

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index), 90.791 (Pound Sterling) and 94.94 (Local).

Latest prices were unavailable for this edition.